

# NOMINATION OF JOSEPH G. JORDAN

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## HEARING

BEFORE THE

### COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS UNITED STATES SENATE

ONE HUNDRED TWELFTH CONGRESS

SECOND SESSION

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NOMINATION OF JOSEPH G. JORDAN TO BE ADMINISTRATOR, OFFICE  
OF FEDERAL PROCUREMENT POLICY, OFFICE OF MANAGEMENT AND  
BUDGET

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MAY 9, 2012

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## NOMINATION OF JOSEPH G. JORDAN

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WEDNESDAY, MAY 9, 2012

U.S. SENATE,  
COMMITTEE ON HOMELAND SECURITY  
AND GOVERNMENTAL AFFAIRS,  
*Washington, DC.*

The Committee met, pursuant to notice, at 10:05 a.m., in room SD-342, Dirksen Senate Office Building, Hon. Joseph I. Lieberman presiding.

Present: Senators Lieberman, Begich, Collins, and McCain.

### OPENING STATEMENT OF CHAIRMAN LIEBERMAN

Chairman LIEBERMAN. Good morning, and we will convene the hearing.

Now, this truly adorable infant in the front row explains something to me. Normally when I walk by that door to head into the anteroom, I see the equipment of television reporters that has been left against the wall. Today, very pleasantly, there is a baby carriage. I am sure the mystery of this child's identity will be clarified as the hearing goes on.

Today, we welcome Joseph Jordan, nominated by the President to fill one of the most important management positions at the Office of Management and Budget, which is the Administrator for Federal Procurement Policy. The person who fills this position is responsible for the Office of Federal Procurement Policy (OFPP) and is charged with overseeing procurement policies across our government and promoting effective, cost efficient spending on contracts. This is a little known position with an enormous impact on the operation of our government and the spending of taxpayer dollars.

Federal spending on contracts over the last decade has spiraled upward to exceed half a trillion dollars a year. Last year, the Federal Government spent over \$536 billion, to be exact, on contracts for everything from office supplies to advanced weapons systems to information technology.

Fiscal discipline is obviously always good policy, no matter the dollar amount. But in an economy such as ours that is struggling, when we are looking to significantly reduce the Federal deficit, and with \$536 billion at stake every year, fiscal discipline and contract effectiveness are a must. The OFPP, in other words, really needs to double down on its oversight of contract spending.

In February 2009, just a few weeks after he was sworn into office, President Obama invited a number of Members of Congress and others to the White House for a Fiscal Responsibility Summit,

which included a session on procurement that Senator Collins and I attended. It is a reflection of our probably distorted priorities, but let us say unconventional priorities—that is a better adjective—that we attended. And, it was quite a productive session.

I have been pleased that the President and the Office of Management and Budget (OMB) have actually pushed out some of the reforms that we discussed at that summit. I look forward to Mr. Jordan's ideas about some of those reforms and his plans, hopefully, to keep them going.

Joseph Jordan has a wealth of experience in the private sector and government related to contracting and management. He currently serves as a senior advisor at OMB and from 2009 to 2011 was the Associate Administrator for Government Contracting and Business Development at the U.S. Small Business Administration (SBA). Before joining the Administration, he was at the consulting firm of McKinsey and Company.

So, we thank you for being here, thank you for your public service, and look forward to your testimony and the questions and answers.

Senator Collins.

#### **OPENING STATEMENT OF SENATOR COLLINS**

Senator COLLINS. Thank you, Mr. Chairman.

Seldom has a nominee for the position of Administrator for the Office of Federal Procurement Policy come before this Committee at a more critical time. OFPP plays a central role in shaping the policies and practices Federal agencies use to acquire the goods and services that they need to carry out their important missions.

The widespread flouting of the acquisition rules by the General Services Administration (GSA) in connection with a lavish 2010 conference, as documented by the agency's Inspector General (IG), underscores the importance of adherence to these rules as a protection against the waste of taxpayer dollars. As the IG recently testified, GSA "committed numerous violations of contracting regulations and policies and of the Federal travel regulation." The list of violations is long and growing as the IG continues to investigate.

Among other findings, the IG found that for this "over-the-top" conference, the GSA failed to publish solicitations and to compete contracts for team-building exercises and audio-visual services, disclosed a competitor's proposed price to a favored customer, revealed its maximum budget for one day of training—\$75,000—and then agreed to pay the contractor that amount, and increased food and beverage spending at the hotel including a cocktail reception and a catered breakfast in return for the hotel honoring the government room rate.

This is clearly outrageous. It raises a critical question: How does such a thing happen?

The IG said that this situation raises "special concern" because GSA should be a "model" in contracting and managing travel and conference planning. I could not agree more.

Ultimately, however, it is OFPP that has the obligation to ensure across government that the Federal acquisition system delivers the best value to taxpayers. OFPP must take action to ensure that such blatant violations of contract law and regulation will not be

tolerated, particularly as we face an unsustainable national debt burden.

The Federal acquisition system is under tremendous stress. Between fiscal years 2001 and 2011, acquisition spending by the Federal Government expanded by 140 percent, from \$223 billion to \$536 billion. Procurement actions are also becoming increasingly complex. Despite the increased workload and the complexity of procurement actions, the acquisition workforce has remained flat. This perfect storm has only increased the risk that there will be bad acquisition outcomes and that taxpayer dollars will be wasted.

As President Reagan said, "personnel is policy." It only makes sense that we will get the best acquisition outcomes if the workforce is top-notch. As the unfolding GSA scandal makes clear, training and accountability of our acquisition workforce must be a top priority.

OFPP plays a critical role in addressing acquisition workforce challenges. It must ensure that we have a well trained acquisition workforce. This is crucial to keeping pace with the Federal Government's increasingly complex procurements and ensuring good outcomes for taxpayers.

The acquisition process must also be grounded solely on providing the very best value to American taxpayers, and that is why I have fought over the last 2 years to stop the Administration's unfortunate efforts to inject politics into the procurement system.

Last year, when word leaked that the Administration was considering an Executive Order that would require Federal agencies to collect information about campaign contributions by potential bidders as a condition of competing for Federal contracts, I opposed this effort, along with a bipartisan group of my colleagues. I also authored a provision that became law in last year's Defense Authorization Act, and similar legislation was included in the omnibus appropriations bill to make abundantly clear that politics has no place in the procurement decisionmaking process.

Incredibly, however, the Administration has proposed in its fiscal year 2013 budget to end the prohibition that Congress included in the omnibus appropriations bill just last year. No good can come from such an effort. Indeed, it would discourage contractors from participating in the Federal marketplace.

I hope that we can get assurances from the nominee that he will actively oppose such an effort.

I know that Mr. Jordan is relatively new to the area of Federal Government procurement. He has served in important roles at the SBA and OMB. I look forward to hearing from him today on how he would address the challenges faced by the Federal acquisition system if confirmed as the next OFPP Administrator.

Thank you, Mr. Chairman.

Chairman LIEBERMAN. Thank you, Senator Collins.

Let me now say for the record that Joseph Jordan has filed responses to a biographical and financial questionnaire, answered pre-hearing questions submitted by the Committee, and had his financial statements reviewed by the Office of Government Ethics. Without objection, this information will be made part of the hearing record with the exception of the financial data, which are on file and available for public inspection in the Committee offices.

Our Committee rules require, I think you know, Mr. Jordan, that all witnesses at nomination hearings give their testimony under oath. So I would ask you to please stand and raise your right hand.

Do you swear that the testimony that you are about to give to the Committee will be the truth, the whole truth, and nothing but the truth, so help you, God.

Mr. JORDAN. I do.

Chairman LIEBERMAN. Thank you.

You may now proceed with your statement and introduce all of the adorable family members that you have with you.

**TESTIMONY OF JOSEPH G. JORDAN<sup>1</sup> TO BE ADMINISTRATOR,  
OFFICE OF FEDERAL PROCUREMENT POLICY, OFFICE OF  
MANAGEMENT AND BUDGET**

Mr. JORDAN. Thank you, Mr. Chairman, and thank you, Senator Collins, and Members of the Committee. I am honored to appear before you today as President Obama's nominee to serve as the Administrator for Federal Procurement Policy at the Office of Management and Budget.

I am very grateful to have several members of my family with me this morning, supporting me today as they have throughout my life. And, with your indulgence, I would like to introduce a few of them briefly: My incredible wife, Sarah; my 10-month-old son, Carter—at least until Carter's Cheerios run out, and then he will be making an exit; my amazing mother, Joan Jordan, representing my wonderful family; my mother-in-law, Victoria Carter; and my cousins, Ann and Kevin Woelflein.

And, it is also very moving to see many other friends and colleagues from SBA, OMB, and elsewhere here to support me today.

I am very blessed to have such a supportive and wonderful family and group of friends.

I feel deeply privileged that the President has nominated me to lead the Office of Federal Procurement Policy. It plays a critical role in helping make our government more efficient, effective, and affordable. With more than \$500 billion going to Federal contracts every year—about \$1 out of every \$6 spent by the Federal Government—it is imperative that our acquisitions produce the best possible results for the American people.

I have seen in both my private sector and public sector experiences what a positive effect improvements in the contracting process can have on an organization's bottom line.

As a taxpayer, I am pleased by the attention this Administration, this Committee, and Members of Congress have given to improving the acquisition system. I am equally heartened by the progress agencies have made over the past 3 years to get control of the unsustainable contract spending that has plagued our system for decades.

I appreciate the work of this Committee to drive increased transparency, accountability, and savings in the acquisition process and also to develop and empower our acquisition workforce. We must ensure that the dedicated men and women of our acquisition workforce have the policies and tools they need to build upon and sus-

<sup>1</sup>The prepared statement of Mr. Jordan appears in the Appendix on page 25.



tain this progress while consistently achieving the best value from our contract actions.

If confirmed as Administrator, I intend to work with Congress and the agencies to immediately address the following three priorities:

First, buying smarter. Agencies' ability to meet their missions in a constrained budget environment requires that they take full advantage of proven and innovative strategies for cutting costs and getting better results. We must leverage the government's buying power, increase competition, reduce high risk contracts, and continue to deliver higher quality goods and services to agency personnel.

I am encouraged by several initiatives that the government has undertaken in the area of strategic sourcing, both at the governmentwide and agencywide levels, to secure better prices and reduce the proliferation of duplicative contracts for common needs, such as office supplies and overnight delivery services. We must accelerate the application of lessons learned from these experiences and augment them with private sector best practices so that agencies may increase savings for many of their other goods and services.

Second, building the right supplier relationships. We must make it a top priority to do business with those contractors who are committed to delivering best value to the taxpayer. To this end, we must redouble our effort to document and share past performance information so that the intended benefit of motivating and rewarding good performance is fully realized.

We must also continue our push to maximize contracting with small and disadvantaged businesses. Given my work over the last 3 years at the Small Business Administration, I have a real passion for ensuring that the government improves our utilization of small businesses and allows agencies and taxpayers to benefit from the win-win that occurs when they contract with small businesses.

Just as it is important to reward high performing businesses, it is also important to make sure taxpayer dollars are not put at risk in the hands of contractors who are not responsible sources. Our agencies must be prepared to give appropriate consideration to suspension and debarment to fight the waste and abuse of bad actors and maintain the public's trust in our system.

Third, strengthening the acquisition workforce. The acquisition workforce is the backbone of our acquisition system. Their skills and good judgment are inextricably tied to our government's ability to buy needed goods and services and deliver effective results. If confirmed, I will work closely with agency Chief Acquisition Officers and Senior Procurement Executives and our Federal training institutions to identify training needs and ensure that we are making the appropriate training investment in all of our acquisition professionals.

This includes not just our essential contracting officers, but also contracting officers' representatives, who are responsible for contract management, and program and project managers, who are instrumental in acquisition planning and the development of contract requirements.

All of our efforts must be guided by an understanding that meaningful collaboration is the key to success. Improved interactions be-

tween Federal agencies, industry, and other stakeholders allow the government to better understand the marketplace and contractors to perform the due diligence necessary to offer the best solutions to support agency missions.

Finally, we must remain mindful of the relationship between Federal employees and contractors. Federal employees are the lifeblood of our government, and contractors bring important experience and innovation to support our employees in meeting their missions. We must maintain the right balance between the sectors that best protects the public's interest and serves the American people in a cost-effective manner.

Thank you again for allowing me to appear before you today. If I am confirmed, I look forward to joining with the talented leadership of OMB and the dedicated staff of OFPP in partnering with this Committee and other Members of Congress to fulfill our shared commitment to an acquisition system that delivers the cost-effective, timely, and quality service that our citizens need and deserve.

Mr. Chairman and Members of the Committee, I will be pleased to answer any questions you may have.

Chairman LIEBERMAN. Thanks very much for your statement.

I will start now with the standard questions that we ask all of our nominees.

First, is there anything you are aware of in your background that might present a conflict of interest with the duties of the office to which you have been nominated?

Mr. JORDAN. No, sir.

Chairman LIEBERMAN. Do you know of anything, personal or otherwise, that would in any way prevent you from fully and honorably discharging the responsibilities of the office to which you have been nominated?

Mr. JORDAN. No, sir.

Chairman LIEBERMAN. And finally, do you agree, without reservation, to respond to any reasonable summons to appear and testify before any duly constituted committee of Congress if you are confirmed?

Mr. JORDAN. Yes, sir.

Chairman LIEBERMAN. Well done so far. We will start with the first round of questions, limited to 7 minutes.

Mr. Jordan, as Senator Collins referred to in her opening statement, we have just come through this really infuriating episode of GSA misbehavior. It is particularly troubling, in what we know about the Western Regions Conference, because GSA obviously works closely with OFPP, which you have been nominated to head, and, therefore, is supposed to be setting a model for using contract dollars in the most efficient ways possible.

One of the less salacious—but for us, as troubling—aspects of the story from the Western Regions Conference was that GSA actually violated a number of basic procurement rules in planning the conference. For example, one employee disclosed a competitor's proposal to another contractor. There were violations of rules related to small business set-asides and inappropriate use of sole-source contracts.

In other words, there was, bottom line, a flagrant disregard for the rules that GSA and OFPP are supposed to be enforcing.

I wanted to invite you generally to respond, to give us your reaction to the GSA scandal, and also to comment, if you will, on what I would imagine may be a crisis of confidence in other Federal agencies in their attitude toward GSA and what you, as the head of OFPP, think you can do about it.

Mr. JORDAN. Absolutely. First of all, what happened with the Public Buildings Service Conference is totally unacceptable as is any waste of taxpayer dollars. It is my understanding that with regard to the inappropriate contracting practices that you reference, they are all currently illegal.

So, what I would want to do from day one is partner with Acting Administrator Tangherlini in his top-down review of GSA because, as you said, OFPP and GSA have to be strong partners in a number of areas. I would also look into whether any additional guidance or legal clarification is needed to prevent these practices in the past. And then, I would use the OFPP Administrator position, if confirmed, to work with all the agencies to ensure that there is a culture of respect for taxpayer dollars and adherence to these rules.

Chairman LIEBERMAN. We will be following that closely, and I appreciate that answer.

Let me go to a different side of your responsibilities.

Last fall, the Government Accountability Office (GAO) reported to our Committee on the use of suspension and debarment procedures as a tool to keep Federal contracts out of the hands of bad actors. The results of the GAO inquiry were, frankly, disheartening. Over a 5-year period, a number of the major contracting agencies, including the Department of Health and Human Services, the Department of Labor, the Department of Housing and Urban Development, and the Federal Emergency Management Agency, had taken no suspension and debarment actions at all, and most other agencies sent fewer than 20 names to the Excluded Parties List over that same 5-year period.

On the eve of the hearing that our Committee held on suspension and debarment last November, OMB issued a memorandum to all agencies, outlining steps that it expected them to take to improve their suspension and debarment practices.

I wanted to ask what you would do to follow up and make sure that agencies are taking these actions. Also, the memo did not give agencies a deadline for following through, and I wanted to ask you whether OFPP should follow up and impose a deadline for a response.

Mr. JORDAN. Well, as I said in my opening statement, I truly believe that suspension and debarment can be a very important tool in protecting taxpayer dollars when there is evidence of a bad actor or waste, fraud, and abuse. As evidence of that, when I was at SBA, we developed a three-pronged fraud, waste, and abuse prevention continuum, including up-front certification, ongoing surveillance and monitoring, and robust and timely enforcement that was actually praised as a best practice by the GAO.

In that robust and timely enforcement category, my office worked very closely with our general counsel and our suspension and de-

barment official to make sure that we were, as appropriate, referring firms for suspension and debarment and referring firms to the Department of Justice for prosecution. An outcome of that, for example, was the suspension of a very high profile government contractor, and it sent a signal that we were taking this very seriously.

The very positive outcome of these things, secondarily, is that it moves you toward a place where we all want to be, which is not just punishing the bad actors, but preventing people from thinking they can try this in the first place.

So, what would I do if confirmed? I would follow up with the agencies, especially on the point of naming a senior accountable official for suspension and debarment because I think that is important. You need the high level focus to make sure that this is happening and that it is viewed as a very important function. Then I would ask for further data on how they are looking at these actions and what considerations they are taking into effect when making or not making recommendations to suspend or debar.

Chairman LIEBERMAN. That is very important. To say the obvious, the rules are there for a reason. It sometimes can be awkward or inconvenient to enforce them, but if we do not enforce them, then it encourages the bad actors to continue and does not reward the good actors.

I appreciate what you just said about trying to take action to prevent bad actors from getting contracts in the first place.

One of the other things that GAO pointed out was that the past performance reviews that contracting officers are supposed to fill out are completed only for a small number of awards, and contracting officers do not always consult the reviews that have been filled out.

I do not know if you are aware of that, but whether you are or not, I want to ask you for a response on what you think OFPP should do, if you are confirmed, to get that system of the past performance reviews to be the rule and not the exception.

Mr. JORDAN. Absolutely. I think past performance is critical in making good pre-award decisions. I think there has been some good progress in the creation of the Past Performance Information Retrieval System, but a database is only as good as the quality of data within it and people's utilization of it.

So, this is the training that I talked about, which I think we specifically need to push, to make sure contracting officers understand their duties at the end of a contract to enter in how that contractor did on that contract with fair, accurate, and honest evaluations. Then, pre-award, we need to make sure that contracting officers are going to that system and looking at offerers or potential award-ees to make sure that they do not have any red flags, or looking for really good contractors to reward them for their great past performance.

Chairman LIEBERMAN. Thank you. My time is up on this round. Senator Collins.

Senator COLLINS. Thank you, Mr. Chairman.

As the Chairman mentioned, the position as Administrator of OFPP is one that is not well known to the public at large, but it is in fact an extremely important leadership position within the

Federal Government and the Federal procurement system in general. It is crucial that the Administrator has a strong knowledge of and experience with the Federal procurement system. The leader of the office must also have credibility with a broad range of stakeholders.

And, having followed procurement issues for many years, for even decades, I know how challenging this position is, and I also have personally known the last probably five, or even more, OFPP Administrators. I would mention that your most immediate predecessor had more than 20 years of experience in the Federal contracting world and had been a professor who actually taught procurement law.

Now, some Senators have raised questions about whether or not you have sufficient experience for this job, particularly given the qualifications of the last five of your predecessors. So, that is an issue that I want you to address right off at this hearing, and that is: Despite obviously being a very bright individual who cares deeply about these issues and about serving government, what do you say to critics who question whether or not you are qualified for a position that requires a lot of technical expertise?

Mr. JORDAN. Well, thank you for that question, Senator.

I, too, share your respect and admiration for my predecessor, Administrator Dan Gordon. We had a great relationship while I was at the SBA, and I am honored to be nominated to succeed him.

Why do I think I have the appropriate qualifications and experience for this job, especially at this time, which, as you note in your opening statement, is particularly crucial given all of the forces being brought to bear on the acquisition system? I think that my experiences in both the private sector and the public sector do make me uniquely qualified for the Administrator position right now.

In the private sector, I worked with various companies, State governments, and other entities on procurement and supply chain management issues, specifically strategic sourcing and other ways to buy smarter and use data-driven analytics to lower costs and improve value. That is a big element that I think I can bring to bear here.

I then was privileged to join the SBA and oversaw small business contracting for the entire Federal Government, running several of the set-aside programs that drove almost \$100 billion in prime contracts to small businesses. We achieved the largest 2-year increase against our goal in more than a decade, as we were simultaneously reducing fraud, waste, and abuse.

These are the types of things that I would want to drive, if confirmed.

Also, at SBA, I led a team of several hundred acquisition professionals, both in the policy development side as well as on the front-line execution side with the contracting officers. So, I got to really know what makes good policy that is executable and what makes good operational incentives to get that policy executed on the front line. I also understand the challenges our contracting officers face and, more importantly, the solutions on how to overcome those challenges.

I worked in a collaborative and productive way with all the stakeholders. As you said, this position does have a key outward-facing role, communicating with all the various stakeholders to make sure the system is fair, efficient, and effective.

And last, I had a very positive working relationship with Congress, and even this Committee, whether it was passing the Small Business Jobs Act that provided all sorts of new and positive tools for small business contractors or coming up and working together with testimonies and briefings and all those sorts of things.

So, I think that the amalgam of all of those experiences lends itself quite well to the Administrator of the OFPP position at this crucial time.

Senator COLLINS. Thank you. I think that is a very helpful recitation to get on the record.

I, personally, having studied your background, believe that you are qualified for the position. I am more concerned about some policy issues and what your position would be on those policy issues, but some of my colleagues have raised questions about your experience, particularly compared to your immediate predecessor.

As I mentioned in my opening statement, I am determined to do everything I can to protect the integrity of the Federal procurement system, and that is why I was so alarmed last year to see a draft Executive Order from this Administration that actually proposed to inject politics into the procurement system by requiring would-be bidders to disclose their political contributions. That was just astounding to me.

It would have sent a message to contracting officials that somehow this should be a factor in their decisionmaking when they are awarding Federal contracts. After all, why else would you require it to be reported?

It would also chill the constitutional rights of contractors to make political contributions. They would assume that if they are supporting Republicans and it is a Democratic Administration, or vice-versa, that they are somehow going to be disqualified from bidding.

And, it would potentially shrink the number of contractors who are interested in even doing business with the Federal Government.

So, what I am seeking from you today is a very clear statement that you will oppose any such efforts to require Federal agencies to collect political contribution information from government contractors. Will you oppose any such effort?

Mr. JORDAN. Well, Senator Collins, I also appreciated your giving me the opportunity before the hearing to put down in writing and send to you my position, which is absolutely clear, I think—

Senator COLLINS. I will tell you I did not find that reassuring enough, so—

Mr. JORDAN. Well, let me say here that—as clearly as possible—I believe there is no place for politics in the acquisition system. You have my full assurance that, if confirmed, I am fully committed to ensuring that the acquisition process is a meritocracy, that we are upholding integrity and transparency at all times, and that no political considerations are allowed to be brought to bear on Federal

contracting decisions at any point during the process, and you have my full commitment to that.

Senator COLLINS. But will you oppose the issuance of an Executive Order that would seek to require that political contributions be reported as part of the bidding process?

Mr. JORDAN. It is hard for me to comment on a hypothetical, having not—

Senator COLLINS. Well, it is not a hypothetical because the Administration was on the verge of doing just that last year. We have the draft Executive Order.

Mr. JORDAN. I am not aware of any efforts to issue an Executive Order on this topic at this time.

If asked for my counsel by the President, who issues Executive Orders, I would say that anything we do in this arena needs to have at the very top of the priority list, as an absolute cornerstone, the principle that politics cannot play a role; political influence cannot play a role in the acquisition process. And, I would say that very clearly, and I would advocate on behalf of that belief very strongly.

Senator COLLINS. My time has expired.

Chairman LIEBERMAN. Thanks, Senator Collins.

I agree totally with Senator Collins on this issue. Somebody may have thought that this would have brought the contributions into the light of day and somehow, thereby, purge the politics from the process, but I think it sent exactly the opposite message. I hope that Executive Order does not see the light of day, and I hope you will be effective in your advocacy to the White House on that point.

Senator McCain.

#### OPENING STATEMENT OF SENATOR MCCAIN

Senator MCCAIN. Well, thank you, Mr. Chairman.

And, I am sorry that your son, Carter, is not here to hear your testimony and my questions. I am sure it would have been a memorable experience for him.

Mr. JORDAN. I will make him watch online right before bedtime. [Laughter.]

Senator MCCAIN. Please do that, maybe several times. I guarantee it will put him to sleep.

Chairman LIEBERMAN. I was going to ask you, Senator McCain: Have you ever slept like a baby?

This is a running routine we do.

Senator MCCAIN. I will not harass the witness with that old chestnut.

Mr. Jordan, I am not involved in the issue that Senator Collins and Senator Lieberman just raised, but I think you have to be more definitive on this issue. It is a very important issue to us, and I hope you will consider a more definitive answer on it. And, I also understand the pressures that you are also experiencing.

Senator Coburn and I objected during the stimulus package to the so-called wine train in California. Are you familiar with that issue?

Mr. JORDAN. Yes, sir.

Senator MCCAIN. I want to discuss with you a little bit about that issue and its implications in your new job. As you know, the

wine train in Napa Valley was originally scheduled to cost \$64 million. Now it is \$79 million.

Information has come out from those who were involved in it that, I guess in their words, the Napa Valley Wine Train continues to be a sinkhole, gone from \$64 million to \$79 million, and the people involved in it have now said that it was a gold mine for them because it was a no-bid contract.

“Allegations that the government overpaid by \$10 million surfaced in pretrial testimony in the 2010 lawsuit, which involved a contract dispute between Suulutaaq and a construction management firm. Greg Poynor, former Suulutaaq CEO, testified that after the company had obtained the contract for the Wine Train job, it subcontracted heavy construction work to the Kiewit Corporation. The Kiewit officials concluded that a competitive bid would have been \$10 million less than what the government had agreed to pay Suulutaaq.”<sup>1</sup>

So, obviously, it is an outrageous rip-off of the taxpayers’ dollars, not to mention the project alone, but the cost escalation.

In March 2011, you testified before the Senate Indian Affairs Committee that you were “proud” of the direction that the new regulations were headed.

Unfortunately, GAO’s recent report uncovered problems with the SBA’s new regulations. For example, Alaska Native Corporations (ANCs) are now required to perform 40 percent of the work in the contract. GAO says SBA has no way of knowing if an ANC enters into a “joint” venture and subcontracts a majority of the work to a large non-Native corporation.

GAO recommends SBA use a new database to track contract dollars to go to ANCs. SBA responded a new database might not be ready until 2013.

In January, GAO said SBA had not updated its standard operating procedures for SBA district offices to implement the new regulations. Has that occurred yet?

Mr. JORDAN. I am not aware, but I can check with my colleagues at SBA.

Senator MCCAIN. GAO has called upon OMB’s Office of Federal Procurement Policy, the very office that you are nominated to head, to amend Federal acquisition regulations to require Federal agencies to closely document compliance with the new SBA regulations, including how much work is actually performed by the ANC company and their non-Native subcontractor.

Do you agree with GAO’s recommendations and will you implement them in a timely fashion?

Mr. JORDAN. I have not seen those recommendations, specifically. That being said, I certainly agree that we need to make sure that the regulations that were created are being followed, and that is going to require looking at the data, making this part of 8(a) firms’ annual reviews, and things of that nature. So, I absolutely would commit to, if confirmed, partnering with SBA to ensure that is implemented.

As you were talking, you raised several of the things that are on the priority list. In this time of flat and declining budgets, we have

<sup>1</sup> The Bay Citizen article referenced by Senator McCain appears in the Appendix on page 100.



to drive costs down, which means buying smarter and also, in certain instances, buying less.

We have to increase competition. When I was at SBA during the Recovery Act, we issued industry class waivers in the 8(a) program so that agencies could both utilize that program and utilize competition.

And, we have to increase transparency in our use of data.

So, I do agree with all of those points.

Senator MCCAIN. Well, I would like to hear from you, perhaps in writing, specifically what is being done about these ANCs. The money that is now going to them has increased to \$4.7 billion in 2010 alone, and they call themselves small business when it is \$4.7 billion compared to \$500 million in 2000 and \$2.1 billion in 2005.

And, the thing that is egregious about this, Mr. Jordan, is the ANC represents fewer than 6 percent of all small businesses enrolled in the 8(a) program, but they receive almost one-third of the contract dollars. What that does, frankly, is squeeze out small businesses all over America on behalf of a group of Native American entities in Alaska. That is not right. That is unfair to small businesses all over America.

Now, you are going to be involved in this in your new job.

So, we are not talking about chicken feed here. This Wine Train scandal—and it is a scandal—is just, again, one of the most visible examples of what is going on here.

One of the problems is that Federal contracting officers use the no-bid contracts for ANCs because they want to expedite a project and because it is a quick and easy way to meet small business contract quotas. Now, that is a mind-set that has to be changed.

So, you were the top SBA official for government contracting, and you oversaw the SBA 8(a) contracting programs for ANCs—is that correct?

Mr. JORDAN. That is correct.

Senator MCCAIN. And, what are your conclusions?

Mr. JORDAN. I think that it is critically important that the SBA, with OFPP's help and partnership, executes and oversees the 8(a) program officially and effectively as intended by Congress.

Senator MCCAIN. Do you think they are doing that?

Mr. JORDAN. I think that we have made strides. And, when I said I was proud of our progress, that is what I was referring to—the first comprehensive regulatory revision in more than a decade while I was there. We did tighten some of the loopholes around joint venturing and increase the reporting requirements to make sure that we had the information needed to do proper and effective oversight.

But, as you note, first you have to give everyone the tools, and then you have to make sure that they are using them. That is not a one-time thing. That is an ongoing thing.

So, you certainly have my commitment to work with SBA and to work through OFPP, if confirmed, with the entire community to make sure that the programs are being executed and overseen effectively and efficiently.

Senator MCCAIN. Well, also, you might draw a conclusion as to whether ANCs that got \$4.7 billion in contract dollars qualify as small businesses.

I thank you, Mr. Chairman and Senator Collins.  
Chairman LIEBERMAN. Thanks, Senator McCain. Senator Begich.

#### OPENING STATEMENT OF SENATOR BEGICH

Senator BEGICH. Mr. Chairman, thank you very much.

As you can imagine, I take exception to the comments by my dear friend from Arizona.

The ANCs always get picked on by a few Senators on a regular basis, which I would challenge. For example, an ANC that I met with today—1,000 employees in seven different States—52 percent of their employees are veterans, which I think is a pretty good thing, seeing that we have the highest unemployment of veterans from Afghanistan and Iraq and almost one out of three are unemployed.

I hear about the claims—and there are situations.

And, I think I remember a hearing you were at, and you were grilled—this is repeat two, to be very frank with you—on 8(a)s. You actually had a very good response. You talked about the new regulation that had been put in place, that had just been implemented, and how you were working with 8(a)s to ensure that they had the training and the knowledge of the new requirements. That is less than maybe a year old, maybe a little bit more.

And so, you took something that actually the 8(a)s were asking for, for a decade or more, that is, for the SBA to actually do their job, to actually put resources into helping them identify and drive out the bad actors. You did that. You actually took it on. And, I commend you for that.

And, I do not agree with this constant rant about ANCs, which, yes, represent 6 percent of the small businesses, but they also represent tens of thousands of people.

I can go through the success. Why does the Army Corps of Engineers like the 8(a)s? Because they can rapidly deploy in an environment that most people do not understand, in developing work in Alaska, for example.

So, I can go on for 50 minutes on 8(a)s and the success of them, how they have taken parts of Alaska, which are not supported necessarily by a lot of Bureau of Indian Affairs money—we get some, but not like the tribes in the lower 48—because they have become self-sufficient. They employ their own people. We have Harvard graduates and Georgetown graduates who come back to Alaska to work in small villages because of the success of the 8(a)s, and they actually make a livable wage rather than living in poverty or living on the government dole.

This is my rant. I am venting to you because the other Senator has left the room.

And, I want to make it very clear that you have tried to clean up the old battles at SBA. Am I incorrect on this issue of ANCs?

You have actually tried to help rectify some of the concerns that I have since my 3 years here and they have had for the last decade or more. Is that accurate?

Mr. JORDAN. Yes, sir. I think everyone on both sides of the issue agrees that there is no room in that program for fraud, waste, or abuse, and bad actors.

Senator BEGICH. In any Federal Government program, like some of our big contractors that walk away with billions of dollars and then they get a slap on the wrist and get to do more contracting—I think that is the point that the Chairman and Senator Collins brought up, how some of these contractors get to come back for repeat business and rip off this government in the “gabillions.” And, that is my word. That is an Alaskan word.

Mr. JORDAN. I had the privilege of visiting rural Alaska and seeing some of the communities. And, there is, as you well know, a difference between the individually owned 8(a) program—

Senator BEGICH. Absolutely.

Mr. JORDAN [continuing]. And the entity-owned 8(a) program.

Senator BEGICH. Some people lack that understanding around this place, just so you know, but go ahead.

Mr. JORDAN. And so, when it comes to the statutory provisions afforded to the Native 8(a) entities through the Alaska Native Claims Settlement Act, that is subject to the will of Congress, but I think that the oversight and execution of the programs are absolutely our responsibility.

When we did the regulatory revision for the 8(a) program, which was not exclusively focused on Native entities, it was focused on the program overall.

Senator BEGICH. Right.

Mr. JORDAN. We received more than 2,500 public comments, which were overwhelmingly supportive. SBA has now stood up those regulations and is in the process of executing them. It will be, like with any program, an ongoing process to make sure that they are operationalized and they are being executed and the program is being overseen effectively.

And, as I said before, I am absolutely committed to continuing my work to make sure that program and any contracting program is executed and overseen absent fraud, waste, and abuse.

Senator BEGICH. And there is no difference, for example, between the disadvantaged businesses, the veterans’ businesses, which have people who claim to be veterans who are not veterans, who take advantage of the program—I mean, we are big organization, the Federal Government, \$3 trillion plus, and people are going to take advantage of it, big contractors and small contractors.

And, part of the job that you have put on your list of priorities is to go after those guys, to make sure we have a better and more efficient system. Is that fair?

Mr. JORDAN. That is absolutely true for all of the program.

Senator BEGICH. I did not mean to get you in the crosshairs on the issue of 8(a)s, but let me ask you just in general.

I mean, you understand the value of the 8(a) program. And, do you think it is successful overall, recognizing there are issues that come up off and on, across the board—when I say 8(a)s, they are not just ANC (8a)s; there are others.

Mr. JORDAN. That is right.

Senator BEGICH. But is that a fair statement, that it has increased the capacity for minority, disadvantaged businesses to participate?

Mr. JORDAN. I think the 8(a) program is very valuable and has provided clear benefits to socially and economically disadvantaged

small businesses, both in the individual-owned category and the Native-owned category.

Senator BEGICH. Anywhere in the program?

Mr. JORDAN. I think like any program, we can improve, and I would be committed to helping SBA in improving that.

Senator BEGICH. Very good. I have a feeling you will be back here again, grilled on this, and I will find myself probably here talking about it, but let me ask you another question.

I know one of the things you have put in your priorities is trying to create some efficiencies in purchasing.

I know in Alaska we had a wholesale food supplier, Linford Wholesale Foods, and they warehoused and delivered the food for the military in Alaska. Now that has gone to, about 4 or 5 years ago, a general contract that services multiple bases around the country.

With shipping products to Alaska, you cannot just do overnight in some cases. In the sense of fresh products, sometimes you can not get it out to some of the more remote base installations.

How will you ensure not only efficient pricing, but the quality of the product so you do not have military folks getting product that is substandard because we have this general contract that has also cut out small businesses?

Mr. JORDAN. I do think that the government needs to better leverage its buying power and get better pricing across the board, especially in commodity areas. But I also absolutely believe—and I have seen in the private sector and the public sector context—that this can be balanced with the other priorities, such as maximizing small business utilization.

A great example, Congress, in September 2010, passed the Small Business Jobs Act, and Section 1331 of that Act says agencies can now do task order set-asides off of those larger multiple award contracts. So, you get the efficiency of having some of these requirements—

Senator BEGICH. Price guarantees.

Mr. JORDAN. Exactly, but you can still make sure that small businesses are the ones getting those task orders when appropriate.

In terms of making sure that you have the right efficiency and delivery, terms like those that you spoke of? Well, that is when you have to make sure that you are not just bundling a bunch of things together, but you are being strategic in the way that you are looking at those commodities and making the right multiple award contracts for that commodity or that group of commodities.

Senator BEGICH. I am looking forward to having you appointed. I will be anxious to work with you in that regard and then also, obviously, the 8(a) issue.

I am glad Senator Collins brought up experience. What I am looking for is someone who has a little ambition, someone who is anxious to move forward. Sometimes you get people who have been bureaucrats too long, and the result is nothing changes.

What you did at SBA, people were talking about for a decade. You came in there in a very short period and made some changes.

So, I know there are some that always want to see the big, thick resume. But to be frank with you, I want someone beginning their

career in a variety of fields, who is anxious, motivated, and wants to see things done. So, I am looking forward to supporting you.

Mr. JORDAN. Thank you, sir.

Chairman LIEBERMAN. Thank you, Senator Begich.

Just a few more questions, Mr. Jordan.

As you know, when an agency hires a contractor through a cost-reimbursement contract, a part of what the government pays may go toward compensating the executives of the company. But there is a statutory cap on the amount that can go to executive compensation, and that cap is based on a formula tied to executive compensation in large publically traded companies. OMB, as I am sure you know, is required by statute to adjust the cap each year, using the formula.

When Congress enacted the formula in 1997, I do not think we foresaw how sharply executive compensation would rise nor could we have dreamed that pursuant to the statute that now is law, the cap on contractor executive compensation has now risen to over \$763,000 a year.

Last year, as I am sure you know, the President proposed abolishing the formula and replacing it with a cap that is equal to the pay rate for the government's most senior executives, which is about \$200,000. Our Committee has heard some concern that this amount would make it hard for the government to attract some highly skilled firms, such as cyber experts, to work for the government. But obviously, the current statutory formula is totally out of whack and totally unacceptable to the public.

So, I wonder if you have any thoughts about how we can work our way, in a sensible way, out of this dilemma.

Mr. JORDAN. Yes, sir, absolutely. I think that contractors should be able to pay their employees whatever they want. It is just that the government should not have to reimburse them for levels in that amount.

I fully agree with what Acting OFPP Administrator Lesley Field said recently when OMB was forced to issue those increases—that it was a begrudging, but statutorily required, act to increase the cap above \$750,000.

I am absolutely committed to working with you, this Committee, and Congress, if confirmed, to figure out what the right level is. It may be above the \$200,000 level that was previously proposed. I think most people agree it should not be at \$763,000. If exceptions are necessary for certain scientific and technical experts, I would be happy discussing and exploring that, but I share your concern, and you would absolutely find a willing partner in me to help figure out what the best solution is.

Chairman LIEBERMAN. I appreciate that. If you are confirmed, we should work on that.

It seems to me based on what you have said, and I agree with this, that we may want to set a much lower cap but create a process for seeking exceptions to that cap in particular cases, which is to say, have an appeal to be made to some central body in the government to make the case that in those cases the cap should be waived.

I have a few more questions, but I am going to submit them for the record, and I will yield now to Senator Collins.

Senator COLLINS. Thank you, Mr. Chairman.

I just have a couple more questions and will submit the rest of mine as well, especially since you covered some very important issues regarding debarment and suspension that our Committee has been following. I want to associate myself with the Chairman's questions in those areas and hope that we can do a better job of ensuring that the government only does business with responsible bidders.

I want to turn to the issue of interagency contracting. In September of last year, the former OFPP Administrator issued guidance on business case requirements for interagency contracting vehicles. At that time, he said that it is critical that the Federal Government leverage its buying power to the maximum extent as well as achieve administrative efficiencies and cost savings, but he went on to caution that too often agencies establish new overlapping and duplicative contracts for supplies or services because agencies have not adequately considered the suitability of existing interagency contract vehicles.

What is your reaction to that?

Do we have the right mix of interagency contracting vehicles?

How can we avoid this kind of duplication?

And, what do you see as OFPP's role?

Mr. JORDAN. Absolutely, I agree with everything that you relayed that Administrator Gordon had said.

This is one of those areas where, in a private sector context, I absolutely can see how maximizing the use of interagency contracting is a no-brainer because you are going to better leverage the spend base of the entire government, drive prices down, and get better quality and service for the government.

However, what I learned is that in its application within the government there are challenges because, yes, agencies are saying they want more use of interagency contracts, but they want their agency to be the lead on the interagency contract. So, you end up with, as you said, duplicative contracts in an area that should exist to reduce duplication.

Senator COLLINS. Right.

Mr. JORDAN. When you look at just one agency, all too frequently we see a bunch of contracts for the same thing, even with the same vendor. So, we need to get agencywide, enterprisewide sourcing right.

When you look across the government, there are a lot of commodity areas where we are all buying the same things, and we should be doing so in a thoughtful way and leveraging our buying power. But that does not mean everybody setting up their own contract available for interagency use.

So, what I would do is take that business case process you talked about very seriously as well as I would like to inventory the interagency contracts across the government and hopefully post those in a place so that contracting officers and agencies very quickly and easily can see when there is a vehicle that already suits their needs. They do not need to go through the process of setting up a new one.

Then, that frees up their time to focus on the increasingly complex requirements for other contracts that both you and the Chairman referenced in your opening statements.

Senator COLLINS. I think your idea for some sort of Web site that could easily be accessible so that agencies could, at a glance, see what is already out there would be very helpful. GSA supposedly does that, and the multiple award schedules in a way are part of that.

Let me do one follow-up question on this whole multi-agency contract issue. In September of last year, I think in that same memorandum, OFPP required business cases for Governmentwide Acquisition Contracts (GWACs) for information technology (IT) to actually be submitted to OMB. But for other cases of Multi-Agency Contracts, such as blanket purchase agreements and agency-specific contracts, the OFPP memorandum states that OFPP reserves the discretion to require the agency to submit the approved business case to OMB for review prior to the solicitation process.

Now, we asked you a pre-hearing question about this, and you stated that you would expect OFPP to follow up with an agency when it is clear that the agency has failed to consider the suitability of existing interagency vehicles and agency-specific contracts or when the agency has failed to describe the value that would be added by establishing a new contract because those would be warning signs of a wasteful investment.

But, my point is, how are you going to know?

OFPP generally does not see the agency's business case unless it is exercising this discretion broadly or unless it is in the IT area. So, how would you know that an agency had failed?

Mr. JORDAN. I am encouraged when you mention the GWACs in IT. That is \$80 billion that flows through information technology, and so it is a critically important area that we reduce duplication, increase transparency, and lower cost.

Senator COLLINS. And, it is an area where there has been failure after failure after failure.

Mr. JORDAN. And so, in that area, working with our Chief Information Officer, Steve VanRoekel, will be incredibly important. I am very excited, since we already have a good relationship, to hit the ground running and partner with him in that area because that is a huge part of our shared responsibility in E-government and OFPP.

When it comes to the other types of multiple award contracts, we have to think about what are ways that we can improve in an efficient way our oversight of the creation and management of those types of vehicles.

So, that interagency contract directory type of system would be one place that we would be able to have visibility.

Looking at the Federal Business Opportunities Web site and monitoring that so that we know when these are coming up is another.

And then, third—and a place that I am very excited to engage, if confirmed—is OFPP convenes the agencies on a periodic one-to-one basis in what are called Acquisition Status Updates (AcqStats), and I think this would be perfectly applicable to those types of con-

versations so, as you said, we get ahead of the knowledge curve and not clean up afterward.

Senator COLLINS. I would like to suggest to you that—and I recognize what a small office OFPP is and how few staff you have—perhaps you should a couple of times a year just select an agency, a particular contract, and look at the business case and make an assessment, or partner with GAO and our Committee to do so.

It just seems to me that it is one thing to have this memorandum that says that you are going to intervene when there is a failed or inadequate business case, but you do not see the business case. So how are you going to even know that it was failed unless the contract goes disastrously wrong? And then, it is after the fact, as you said.

Mr. JORDAN. Right.

Senator COLLINS. So, I would like to suggest a spot check, an audit, a random selection of a couple of contracts a year where you would really drill down and look at the business case. You might be worried about what you would learn from that, but I think it would be helpful.

Thank you, Mr. Chairman.

Chairman LIEBERMAN. Thanks, Senator Collins.

Mr. Jordan, thanks for your testimony very much. Thanks to your family and friends for being with you. Thanks to your son, Carter, for his cameo appearance.

I want to say for the record that his statements before he left made a lot of sense. [Laughter.]

Senator COLLINS. What about his reaction to Senator McCain's comments?

Chairman LIEBERMAN. Also made a lot of sense.

What I was teasing Senator McCain about was that I too often have been in his company when he said after the 2008 election that he was sleeping like a baby. He would sleep for 2 hours, wake up and cry, and he would go to sleep for 2 more hours. [Laughter.]

And, I laugh at it every time for some strange reason.

Well, the record of this hearing will be held open until noon tomorrow for the submission of any written questions or statements.

We are attempting to move this nomination quickly because it is an important position and we want to get it filled. If all goes well, you will be on the markup of our Committee, which is tentatively scheduled for next week, and then hopefully, you will be out for consideration by the full Senate.

But, I thank you for your interest in public service.

And, with that, the hearing is adjourned.

[Whereupon, at 11:11 a.m., the Committee was adjourned.]



## A P P E N D I X

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**Nomination of Joseph G. Jordan for  
Administrator for Federal Procurement Policy  
Chairman Joe Lieberman  
May 9, 2012**

Good morning. Today, we welcome before the Committee Joseph G. Jordan, nominated by the President to fill one of the most important management positions at the Office of Management and Budget: that is, Administrator for Federal Procurement Policy.

The person who fills this position is responsible for the Office of Federal Procurement Policy, or OFPP, and is charged with overseeing procurement policies across the government, while promoting effective, yet cost efficient spending on contracts.

OFPP's role in promoting sound contracting practices is now more important than ever. Federal spending on contracts over the last decade has spiraled skyward to exceed half a trillion dollars a year. Last year the federal government spent over \$536 billion on contracts for everything from office supplies to advanced weapons systems to information technology. Fiscal discipline is good policy no matter the dollar amount, but, in a weak economy, when we are looking to significantly reduce the deficit, and with \$536 billion at stake, fiscal discipline is a must. The OFPP, in other words, needs to double down on its oversight of contract spending to make sure we don't purchase goods or services we don't really need and to ensure that we get the most for the taxpayer money we do spend.

In February 2009, just a few weeks after he was sworn into office, President Obama invited a number of Members of Congress to the White House for a Fiscal Responsibility Summit, which included a session on procurement that Senator Collins and I participated in. To their credit, the President and his team at OMB have steadily pushed out reforms based on ideas we discussed at that Summit. I look forward to hearing Mr. Jordan's ideas for keeping that momentum going.

The Ranking member and I, and other members of the Committee, will ask the nominee a number of questions after his testimony. I would like to flag just a few that, for me, rise immediately to the top.

First, I would like to know specifically what should be done to replenish the acquisition workforce, which has not kept pace with the sharp rise in contract spending. Clearly, we cannot expect contracts to be performed on time and within budget if we don't have good people to plan, negotiate, and oversee those contracts. We have no tolerance for contracting officers who are either woefully ignorant of the procurement rules or willfully ignore them – as appears to have been the case when the GSA Western Region contracted out for services at its shamefully extravagant Las Vegas conference.

Second, this Committee has long been concerned about the appropriate role of government contractors and ensuring they do not perform “inherently governmental” work. Last fall, the previous OFPP Administrator, Dan Gordon, issued a policy directive clarifying when it was appropriate to use contractors to perform government services and when those services should be performed by federal employees. I am interested in how OFPP should follow up on that directive.

Third, is about costs. Some reports have concluded that agencies’ use of contractors is often more expensive – and sometimes exorbitantly so – than federal employees who perform the same work. I’d like to know if OFPP should be doing more to develop cost comparison tools for agencies so they can make the most cost efficient choices.

Fourth, the taxpayers should have some assurance that we award contracts only to those who are responsible business partners. Last November, this Committee held a hearing on suspension and debarment procedures, which established that agencies often fail to use tools they already have to keep money out of the hands of bad contractors. I’d like to ask the nominee what OFPP might do to follow up on that finding.

Fifth and finally, information technology initiatives have been a particular challenge for agencies. IT contracts account for about \$80 billion in spending each year, so I would like to know what more OFPP can do, with the Chief Information Officer, to determine why so many colossal IT failures have occurred and what can we do to correct it.

Mr. Jordan has a wealth of experience in the private sector and the government related to contracting and management. He currently serves as a senior adviser at the Office of Management and Budget, and from 2009 to 2011 he was the Associate Administrator for Government Contracting and Business Development at the U.S. Small Business Administration. Before joining the Administration, he was at the consulting firm McKinsey and Company.

Mr. Jordan, again, welcome to you. We look forward to hearing your views on what you hope to accomplish as Administrator for Federal Procurement Policy.

Statement of Senator Susan M. Collins

"Nomination of Joseph G. Jordan to be Administrator for Federal Procurement Policy"

Committee on Homeland Security and Governmental Affairs  
May 9, 2012

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Seldom has a nominee for Administrator of the Office of Federal Procurement Policy come before this Committee at a more critical time.

OFPP plays a central role in shaping the policies and practices federal agencies use to acquire the goods and services they need to carry out their missions. The flouting of acquisition rules by the General Services Administration in connection with a lavish 2010 conference, as documented by the agency's Inspector General, underscores the importance of adherence to these rules as a bulwark against the waste of taxpayer dollars. As the IG recently testified, GSA "committed numerous violations of contracting regulations and policies, and of the Federal Travel Regulation." The list of violations is long and growing as the IG continues to investigate.

Among other things, the IG found that, for this "over the top" conference, GSA:

- failed to publish solicitations and compete contracts for a team-building exercise and audio-visual services;
- disclosed a competitor's proposal price to a favored customer;
- revealed its maximum budget for one day of training -- \$75,000 -- and then agreed to pay the contractor that amount; and
- increased food and beverage spending at the hotel (including a cocktail reception and a catered breakfast) in return for the hotel honoring the government room rate.

This is outrageous. How does this happen?

The IG said this situation raises "special concern" because GSA should be a "model" in contracting and managing travel and conference planning. I couldn't agree more.

Ultimately, however, it is OFPP that has the obligation to ensure -- across the government -- that the federal acquisition system delivers the best value to taxpayers. OFPP must take action to ensure such blatant violations of contract law and regulation will not be tolerated -- particularly as we face an unsustainable national debt burden.

The federal acquisition system is also under tremendous stress. Between fiscal years 2001 and 2011, acquisition spending by the federal government expanded by 140 percent, from \$223.2 billion to \$536 billion. Procurement actions are also becoming increasingly complex.

Despite the increased workload and complexity of procurement actions, the acquisition workforce has remained flat. This perfect storm increases the risk that there will be bad acquisition outcomes and taxpayer dollars will be wasted.

As President Reagan said, "personnel is policy." It only makes sense that we'll get the best acquisition outcomes if the acquisition workforce is top-notch. As the unfolding GSA scandal makes clear, training and accountability of our acquisition workforce must be a top priority.

OFPP plays a key role in addressing acquisition workforce challenges. OFPP must ensure that we have a well-trained acquisition workforce. This is critical to keeping pace with the federal government's increasingly complex procurement of goods and services - and ensuring good outcomes for the taxpayer.

The acquisition process must also be grounded solely and unequivocally on providing the very best value to American taxpayers. That is why I have fought over the last two years to stop the Administration's unfortunate efforts to inject politics into the system.

Last year, when word leaked that the Administration was considering an Executive Order that would require federal agencies to collect information about campaign contributions by potential bidders as a condition of competing for federal contracts, I opposed this effort - along with a bipartisan group of my colleagues. I authored a provision that became law in last year's Defense authorization act, and similar language was included in the omnibus appropriations bill to make it abundantly clear that politics has no place in the procurement process. Incredibly, the Administration has proposed, in its Fiscal Year 2013 budget, to end the prohibition Congress included in the omnibus appropriations bill last year.

No good can come of such an effort. Indeed, it would discourage contractors from participating in the federal marketplace. I hope we can get assurances from the nominee that he will actively oppose such an effort.

I know that Mr. Jordan is relatively new to the area of federal government procurement, but he has served in important roles at the Small Business Administration and OMB. I look forward to hearing how Mr. Jordan would address the challenges faced by the federal acquisition system, if confirmed as the next OFPP Administrator.

**Statement of Joseph G. Jordan**  
**Nominee to Serve as**  
**Administrator for Federal Procurement Policy**  
**Before the Committee on Homeland Security and Governmental Affairs**  
**United States Senate**  
**May 9, 2012**

Mr. Chairman, Ranking Member Collins, and Members of the Committee, I am honored to appear before you today as President Obama's nominee to serve as the Administrator for Federal Procurement Policy at the Office of Management and Budget (OMB).

I am very grateful to have several members of my family with me this morning, supporting me today as they have throughout my life. With your indulgence, I would like to introduce a few of them briefly. I am incredibly blessed to have such a wonderful family and supportive group of friends and former colleagues.

I feel deeply privileged that the President nominated me to lead the Office of Federal Procurement Policy (OFPP), which plays a critical role in helping to make our Government more efficient, effective, and affordable. With more than \$500 billion going to Federal contracts every year – about one out of every six dollars spent by the Government – it is imperative that our acquisitions produce the best possible results and value for the American people.

As a taxpayer, I am pleased by the attention this Administration, this Committee, and members of Congress are giving to improving the acquisition system. I appreciate the work of this Committee to drive increased transparency, accountability, and savings in the acquisition process, and to develop and empower the contracting workforce. I am equally heartened by the progress agencies have made over the past three years to get control of the unsustainable contract spending that plagued our system for decades. We must ensure that the dedicated men and women of our acquisition workforce have the policies and tools they need to build upon and sustain this progress while consistently achieving best value from our contract actions.

If confirmed as Administrator, I intend to work with Congress and the agencies to immediately address the following three priorities:

*1. Buying smarter.* Our top priority must be delivering the best value for the American taxpayers. This is always the Government's responsibility, but it takes on even greater importance in a constrained budget environment. Agencies' ability to meet their missions requires that they take full advantage of proven and innovative strategies for cutting costs and getting better results. We must leverage the government's buying power, increase competition, reduce high risk contracts and continue to deliver higher quality goods and services to agency personnel. I am encouraged by several initiatives the Government is undertaking in the area of strategic sourcing – both at the Government-wide and agency-wide levels – to secure better prices and reduce the proliferation of duplicative contracts for common needs, such as office supplies and

overnight delivery services. We must accelerate the application of lessons learned from these experiences and augment them with private sector best practices so that agencies may increase savings for many of their other goods and services.

*2. Building the right supplier relationships.* We must make it a top priority to do business with those contractors who are committed to delivering the best value to the taxpayer. To this end, we must redouble our effort to document and share past performance information to fully realize the intended benefit of motivating and rewarding good performance is fully realized. We must also continue our push to maximize contracting with small and disadvantaged businesses. Given my work over the last three years at the Small Business Administration (SBA), I have a real passion for ensuring that the Government improves our utilization of small businesses and allows agencies and taxpayers to benefit from the "Win-Win" that occurs when they contract with small businesses.

Just as it is important to continue to work with high performing businesses, it is also important to make sure taxpayer dollars are not put at risk in the hands of contractors who are not responsible sources. If confirmed, I will rely upon the three-pronged approach we utilized at SBA to prevent fraud, waste, or abuse: focusing on upfront eligibility, ongoing surveillance and monitoring, and giving appropriate consideration to suspension and debarment to fight the waste and abuse of bad actors and maintain the public's trust in our system.

*3. Strengthening the acquisition workforce.* The acquisition workforce is the backbone of our acquisition system. Their skills and good judgment are inextricably tied to our Government's ability to buy needed goods and services and deliver effective results. If confirmed, I will work closely with agency Chief Acquisition Officers and Senior Procurement Executives and our Federal training institutions to identify training needs and facilitate cost-effective pooling of resources to meet the needs of all agency personnel who play a role in the acquisition process. This includes not just our essential contract specialists, but also contracting officer's representatives, who are responsible for contract management, and program and project managers, who are instrumental in acquisition planning and the development of contract requirements. I will also continue OFPP's proud tradition of convening the "Front-Line Forum," where contracting officers from around Government meet with the Administrator to share their real-time on-the-ground perspective on whether our policies and practices are achieving an effective balance between empowerment and accountability for results.

All of our efforts must be guided by an understanding that meaningful collaboration is the key to success. Strong communication among stakeholders within agencies increases the likelihood that the respective skills of contracting, program, and other responsible offices will be applied in a manner that strengthens each phase of the acquisition lifecycle. Improved interactions between Federal agencies and industry allow the Government to better understand the marketplace and contractors to perform the due diligence necessary to offer the best solutions to support agency missions.

Finally, we must remain mindful of the relationship between Federal employees and contractors. Federal employees are the lifeblood of our Government and contractors

bring important experience and innovation to support our employees in meeting their missions. We must maintain the right balance between the sectors that best protects the public's interest and serves the American people in a cost-effective manner.

Thank you again for allowing me to appear before you today. If I am confirmed, I look forward to joining with the talented leadership of OMB and the dedicated staff of OFPP in partnering with this Committee and other members of Congress to fulfill our shared commitment to an acquisition system that delivers the cost-effective, timely and quality service our citizens need and deserve.

Mr. Chairman and Members of the Committee, I am pleased to answer any questions you may have.

**BIOGRAPHICAL AND FINANCIAL INFORMATION REQUESTED OF NOMINEES**

**A. BIOGRAPHICAL INFORMATION**

1. **Name:** (Include any former names used.)  
JOSEPH GERALD JORDAN
2. **Position to which nominated:**  
Administrator for Federal Procurement Policy
3. **Date of nomination:** February 6, 2012
4. **Address:** (List current place of residence and office addresses.)  
HOME:  
REDACTED  
  
OFFICE:  
Eisenhower Executive Office Building  
Room 259B  
Pennsylvania Avenue and 17th Street, NW  
Washington, D.C. 20502
5. **Date and place of birth:**  
June 15, 1977  
Newton, MA
6. **Marital status:** (Include maiden name of wife or husband's name.)  
Married To Sarah L. Jordan (Formerly Sarah L. Carter)
7. **Names and ages of children:**  
REDACTED
8. **Education:** List secondary and higher education institutions, dates attended, degree received and date degree granted.  
College of the Holy Cross (1995-1999)  
Bachelor of Arts, May 1999



Major: Political Science

University of Virginia, Darden School of Business (2004-2006)  
Masters of Business Administration, May 2006

9. **Employment record:** List all jobs held since college, and any relevant or significant jobs held prior to that time, including the title or description of job, name of employer, location of work, and dates of employment. (Please use separate attachment, if necessary.)

- Senior Advisor (Dec. 2011-Present)  
Office of Management and Budget  
Washington, DC
- Associate Administrator for Government Contracting and Business Development  
(2009-Dec. 2011)  
United States Small Business Administration  
Washington, DC
- Engagement Manager (2006-2009)  
McKinsey & Company  
Boston, MA
- Consultant (2002-2004)  
Corrigan Communications  
Boston, MA
- Project Manager (2000-2002)  
Strategic Planning and Product Development, Leap Wireless International  
Alexandria, VA
- Director of Operations  
Backwire (*Acquired in 2001 by Leap Wireless Intl.*)  
Alexandria, VA
- Associate Producer (1998-2000)  
MSNBC's Hardball with Chris Matthews  
Washington, DC

10. **Government experience:** List any advisory, consultative, honorary or other part-time service or positions with federal, State, or local governments, other than those listed above.

NONE

11. **Business relationships:** List all positions currently or formerly held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational or other institution.

NONE

12. **Memberships:** List all memberships, affiliations, or and offices currently or formerly held in professional, business, fraternal, scholarly, civic, public, charitable or other organizations.
- National Multiple Sclerosis Walk, Team Member
  - College of the Holy Cross Alumni Association
  - University of Virginia Alumni Association
13. **Political affiliations and activities:**
- (a) List all offices with a political party which you have held or any public office for which you have been a candidate.
- NONE
- (b) List all memberships and offices held in and services rendered to any political party or election committee during the last 10 years.
- NONE
- (c) Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of \$50 or more during the past 5 years.
- NONE
14. **Honors and awards:** List all scholarships, fellowships, honorary degrees, honorary society memberships, military medals and any other special recognitions for outstanding service or achievements.
- Recipient, William Michael Shermct Award for academic excellence (top 5% of class)
  - Robert E. Lamb Scholarship Recipient at University of Virginia, Darden School of Business for academic performance and entrepreneurial spirit
  - Member of Omicron Delta Kappa Honor Society
15. **Published writings:** Provide the Committee with a list and two copies of any books, articles, reports, or other published materials which you have written. These items can be provided electronically via e-mail or other digital format.
- Li, Wei and Jordan, Joseph, Gavin Carter: What is an MBA Worth?. University of Virginia Darden School of Business. Darden Case No. UVA-F-1478, October 21, 2008.
16. **Speeches:**
- (a) Provide the Committee with a list and two copies of any formal speeches you have delivered during the last 5 years which you have copies of and are on topics relevant to the position for which you have been nominated. Provide a list and copies of any testimony to Congress, or to any other legislative or administrative body. These items can be provided electronically via e-mail or other digital format.

**Congressional Testimony include:**

- 4/23/2009: House Veterans Affairs Committee, Subcommittee on Economic Opportunity  
"Contracts and Contracting Policy at the U.S. Department of Veterans Affairs"
  - 5/21/2009: Senate Committee on Small Business and Entrepreneurship  
"The role of small businesses in Recovery Act contracting"
  - 7/16/2009: Senate Homeland Security and Government Affairs Committee, Subcommittee on Contracting Oversight  
"Contracting preferences for ANCs"
  - 9/22/2009: Senate Committee on Small Business and Entrepreneurship (Roundtable)  
"Small Business Contracting: Ensuring Opportunities for America's Small Businesses"
  - 10/6/2009: Senate Committee on Small Business and Entrepreneurship  
"The Recovery Act for Small Businesses: What is working and what comes next"
  - 4/29/2010: House Veterans Affairs Committee, Subcommittee on Economic of Opportunity  
"Status of Veterans Small Businesses"
  - 7/15/2010: House Small Business Committee, Subcommittee on Contracting and Technology  
"Service-disabled veteran-owned small business program"
  - 4/7/2011: Senate Committee on Indian Affairs  
"Utilization of the SBA 8(a) Business Development (BD) Program in Indian Country"
  - 7/26/2011: Senate Homeland Security and Government Affairs Committee, Subcommittee on Contracting Oversight  
"How oversight failure and regulatory loopholes allow large businesses to get and keep small business contracts"
  - 9/15/2011: House Small Business Committee, Subcommittee on Contracting and Workforce  
"Helping Small Businesses Compete: Challenges Within Programs Designed to Assist Small Contractors"
  - 10/6/2011: House Small Business Committee, Subcommittee on Contracting and Workforce  
"Subpar Subcontracting: Challenges for Small Businesses Contractors"
- (b) Provide a list of all speeches and testimony you have delivered in the past 10 years, except for those the text of which you are providing to the Committee. Please provide a short description of the speech or testimony, its date of delivery, and the audience to whom you delivered it.

While I did not give any speeches during the first 7 years of the requested period, during the last 3 years I gave informal talks to professional and other stakeholder groups as part of my official duties. These talks typically related to small business contracting. Below are the instances that I was able to reconstruct from my records. I do not retain copies of my speeches and typically speak from notes or extemporaneously.

Date	Host	Event	Description	Role	City	State
2009	National Defense Industrial Association (NDIA)	6th Annual Small Business Conference - Speaker	Small Business Contracting - ARRA and other opportunities	Speaker	Washington	DC
2009	Small Business Administration	National Small Business Week Conference	SBA programs and current state of SB contracting	Keynote Speaker	Washington	DC
5/4/2009	Small Business Administration	Richmond 8(a) Conference	General SBA update with particular focus on 8(a) issues	Speaker	Richmond	VA
5/27/2009	Small Business Administration	San Diego Small Business Conference	SBA programs and current state of SB contracting	Keynote Speaker	San Diego	CA
6/24/2009	National 8(a) Association	2009 National Conference	General SBA update with particular focus on 8(a) and Native 8(a) issues	Speaker & Panelist	Anchorage	AK
7/20/2009	Veteran Small Business Interagency Council	National Veteran Small Business Conference & Expo	SBA programs and current state of SB contracting	Speaker	Las Vegas	NV
8/10/2009	SBA and PTAC	Small Business Conference and Matchmaking	Small Business Contracting - ARRA and other opportunities	Speaker	Lewiston	ME
10/28/2009	National Minority Supplier Development Council	NMSBC Conference and Business Opportunities Fair	Economic Stimulus, TARP, and other MBE Opportunities	Panelist	New Orleans	LA
10/29/2009	Security Industry Association	ISC East Expo	Increasing Small Business contracting opportunities	Keynote Speaker	New York	NY
Fall/Winter 2009	Society of American Military Engineers (SAME)	Society of American Military Engineers Conference	SBA programs and current state of SB contracting	Speaker	Grapevine	TX
12/16/2009	Small Business Administration	8(a) Tribal Consultation	Tribal consultation regarding new regulations for 8a Business Development Program	Panelist	Seattle	WA
2010	NASA	NASA Cape Canaveral	Small Business Awards Ceremony	Speaker	Cape Canaveral	FL

			and contracting update			
2010	OSDBU Council	OSDBU Procurement Conference	SBA programs and current state of SB contracting	Speaker	Chantilly	VA
2010	Small Business Administration	National Small Business Week Conference	SBA programs and current state of SB contracting	Keynote Speaker	Washington	DC
1/14/2010	Small Business Administration	8(a) Tribal Consultation	Tribal consultation regarding new regulations for 8a Business Development Program	Panelist	Albuquerque	NM
4/12/2010	American Council for Technology / Industry Advisory Council (ACT-IAC)	The New Administration: A Small Business Update	SBA programs and current state of SB contracting	Panelist	Arlington	VA
5/4/2010	GSA	GSA Training Conference & Expo	Trends in Small Business Contracting	Breakout Speaker	Orlando	FL
5/25/2010	National Defense Industrial Association (NDIA)	7th Annual National Small Business Conference	Outlook for Small Business in 2010/2011	Speaker	Huntsville	AL
6/17/2010	Aerospace Industries Association	Small and Medium Company Annual Conference	SBA programs and current state of SB contracting	Speaker	Baltimore	MD
7/20/2010	Veteran Small Business Interagency Council	National Veteran Small Business Conference & Expo	SBA programs and current state of SB contracting	Keynote Speaker	Las Vegas	NV
7/23/2010	National 8(a) Association	National 8(a) Conference	General SBA update with particular focus on 8(a) and Native 8(a) issues	Speaker & Panelist	Anchorage	AK
9/16/2010	HUBZone Council	HUBZone Council Annual Conference	Parity update and other small business contracting issues	Speaker	Washington	DC
9/20/2010	White House Initiative	Gulf Restoration Small Business Event	Small businesses and stakeholders in Gulf Region affected by Deepwater Horizon oil spill	Speaker	New Orleans	LA

9/27/2010	Women Impacting Public Policy	Annual Leadership Conference	Responding to an RFP with a Winning Proposal	Speaker	Washington	DC
10/20/2010	AMEX Open (American Express)	Contracting with the Federal Government	small business owners interested in learning how to do business with the government as well as those who currently count the government as a customer	Keynote Speaker	New Orleans	LA
11/2/2010	National Association of Small Business Contractors	Procurement Conference	Outlook for Small Business in 2010	Speaker	San Diego	CA
12/1/2010	NASA	NASA Small Business Symposium and Awards Ceremony	Attendees will learn about the skills, resources, and technologies needed to achieve the Agency's missions, programs, and research.	Speaker	Washington	DC
12/6/2010	Society of American Military Engineers (SAME)	Society of American Military Engineers Conference	SBA programs and current state of SB contracting	Speaker	Grapevine	TX
2011	Small Business Administration	National Small Business Week Conference	SBA programs and current state of SB contracting	Keynote Speaker	Washington	DC
2011	USAID	3rd Annual SB Conference	Expanding the Diversity of our Partners	Speaker	Washington	DC
1/27/2011	NASA, SBA, & DOD	Contact 2011: Transmitting Opportunities	Small Business Jobs Act	Speaker	New Orleans	LA
1/31/2011	SBA & PTAC	North Dakota Procurement Conference	Small Business Contracting update	Speaker	Jamestown	ND
2/2/2011	National 8(a) Association	National 8(a) Association Conference	General SBA update with particular focus on 8(a) issues	Speaker	Orlando	FL
2/10/2011	SBA and Partner Agencies	11th Annual Houston Prime Contractors Matchmaking Event	Luncheon speaker at matchmaking event that includes all of the Houston federal agencies; approximately 35	Speaker	Houston	TX

			large prime contractors and 90 small business firms.			
1/3/2011	Small Business Administration	SBDC - Gulf Coast Procurement Opportunities Conference and Matchmaker	SBA Programs and SBJA update	Keynote Speaker	Mobile	AL
1/10/2011	Office of Personnel Management	OSDBU Office Grand Opening	Small Business Contracting update	Speaker	Washington	DC
1/16/2011	Defense Intelligence Agency	Defense Intelligence Agency Acquisition Conference	Recent Small Business Legislation and Women's Set-Aside Program	Speaker	Miami	FL
1/28/2011	Small Business Administration	SBJA Tour	SBA Program and Small Business Jobs Act	Keynote Speaker	Columbus	OH
1/30/2011	Small Business Administration	SBJA Tour	SBA Program and Small Business Jobs Act	Keynote Speaker	New York	NY
1/1/2011	Small Business Administration	SBJA Tour	SBA Program and Small Business Jobs Act	Keynote Speaker	Boston	MA
1/15/2011	Small Business Administration	SBJA Tour	SBA Program and Small Business Jobs Act	Keynote Speaker	Huntsville	AL
1/21/2011	OSDBU Council	OSDBU Procurement Conference	SBA programs and current state of SB contracting	Speaker	Chantilly	VA
1/16/2011	Small Business Administration	SBA and Department of Defense Government Contracting Training Conference	Various Procurement topics	Keynote Speaker	New Orleans	LA
1/24/2011	Dept. of Navy	Gold Coast Conference	provide information on all aspects of the small business life cycle and an understanding of how vital SBs is to mission success	Speaker	San Diego	CA
1/8/2011	Office of Personnel Management	U.S. OPM Eastern Management Development	SBA Programs, SBJA update, and training importance	Keynote Speaker	Shepherdstown	WV

		Center				
9/26/2011	Aerospace Industries Association - TRIAD	51st Annual Fall Meeting	an overview of the status of the implementation of the SBA Jobs Act law, performance, challenges, accomplishments, and anything else he wants to share	Speaker	Washington	DC
10/18/2011	AMEX Open (American Express)	Victory in Procurement	"Leveraging Certifications for a Competitive Edge"	Speaker	Dallas	TX
11/28/2011	Society of American Military Engineers (SAME)	Society of American Military Engineers Conference	SBA programs and current state of SB contracting	Speaker	National Harbor	MD

17. **Selection:**

(a) Do you know why you were chosen for this nomination by the President?

I believe that the President nominated me based on my professional skills and experience in both the public and private sectors. I have worked with major corporations, small businesses, state governments, and all CFO Act federal agencies on procurement matters. I understand and respect the myriad stakeholders involved in the federal procurement system and have been able to use collaborative dialogue and data-driven fact-based analysis to achieve results.

(b) What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment?

I have worked on contracting issues in both the public and private sector over the last decade. I participated on and led consulting teams that advised private companies, state governments, and professional sports leagues on how to improve their purchasing and supply management practices. During the last 3 years as Associate Administrator for Government Contracting and Business Development at the Small Business Administration (SBA), I oversaw several federal contracting set-aside programs that drive nearly \$100 billion in government procurement dollars to small businesses. During my time at SBA, we increased achievement against all five statutory small business contracting goals while also reducing fraud, waste, and abuse and making significant investments in our people and systems. I am experienced in testifying in front of Congress, including twice before the Senate Homeland Security and Government Affairs Committee, working with Senate and House staff, and interacting with myriad external stakeholder groups.



**B. EMPLOYMENT RELATIONSHIPS**

18. Will you sever all connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate?

Not applicable, as I currently work at the Office of Management and Budget as Senior Advisor to Acting Director Jeff Zients.

19. Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, explain.

NO

20. Do you have any plans, commitments or agreements after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization, or to start employment with any other entity?

NO

21. Has anybody made a commitment to employ your services in any capacity after you leave government service?

NO

22. If confirmed, do you expect to serve out your full term or until the next Presidential election, whichever is applicable?

YES

23. Have you ever been asked by an employer to leave a job or otherwise left a job on a non-voluntary basis? If so, please explain.

NO

**C. POTENTIAL CONFLICTS OF INTEREST**

24. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

In connection with the nomination process, I have consulted with the Office of Government Ethics and the Office of Management and Budget's Designated Agency Ethics Official to identify potential conflicts of interest. Any potential conflicts of interest will be resolved in accordance with the terms of an ethics agreement that I have entered into with the OMB's designated agency ethics official and that has been provided to this Committee. I am not aware of any potential conflicts of interest.

25. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation

or affecting the administration or execution of law or public policy, other than while in a federal government capacity.

NONE

26. Do you agree to have written opinions provided to the Committee by the designated agency ethics officer of the agency to which you are nominated and by the Office of Government Ethics concerning potential conflicts of interest or any legal impediments to your serving in this position?

YES

#### D. LEGAL MATTERS

27. Have you ever been disciplined or cited for a breach of ethics or unprofessional conduct by, or been the subject of a complaint, to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

NO

28. Have you ever been investigated, arrested, charged or convicted (including pleas of guilty or nolo contendere) by any federal, State, or other law enforcement authority for violation of any federal, State, county or municipal law, other than a minor traffic offense? If so, provide details.

NO

29. Have you or any business of which you are or were an officer, director or owner ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

NO

30. For responses to question 30, please identify and provide details for any proceedings or civil litigation that involve actions taken or omitted by you, or alleged to have been taken or omitted by you, while serving in your official capacity.

None to the best of my knowledge.

31. Please advise the Committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

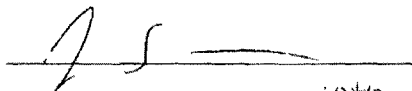
No additional information.

#### E. FINANCIAL DATA - REDACTED

All information requested under this heading must be provided for yourself, your spouse, and your dependents. (This information will not be published in the record of the hearing on your nomination, but it will be retained in the Committee's files and will be available for public inspection.)

## AFFIDAVIT

JOSEPH G. JORDAN being duly sworn, hereby states that he/she has read and signed the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of his/her knowledge, current, accurate, and complete.



Subscribed and sworn before me this 10<sup>th</sup> day of April, 2012



Notary Public

LOPPRAINE D. HUNT  
Notary Public of District of Columbia  
My Commission Expires March 14, 2016





United States  
**Office of Government Ethics**  
1201 New York Avenue, NW, Suite 500  
Washington, DC 20005-3917

FEB 19 2007

The Honorable Joseph I. Lieberman  
Chairman  
Committee on Homeland Security  
and Governmental Affairs  
United States Senate  
Washington, DC 20510

Dear Mr. Chairman:

In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by Joseph G. Jordan, who has been nominated by President Obama for the position of Administrator, Office of Federal Procurement Policy, Office of Management and Budget.

We have reviewed the report and have also obtained advice from the agency concerning any possible conflict in light of its functions and the nominee's proposed duties. Also enclosed is an ethics agreement outlining the actions that the nominee will undertake to avoid conflicts of interest. Unless a date for compliance is indicated in the ethics agreement, the nominee must fully comply within three months of confirmation with any action specified in the ethics agreement.

Based thereon, we believe that this nominee is in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

A handwritten signature in black ink, appearing to read "Don W. Fox".

Don W. Fox  
Principal Deputy Director

Enclosures - REDACTED

**U.S. Senate Committee on Homeland Security and Governmental Affairs  
Pre-Hearing Questionnaire for the Nomination of  
Joseph G. Jordan to be Administrator, Office of Federal Procurement Policy**

**I. Nomination Process and Conflicts of Interest**

1. Why do you believe the President nominated you to serve as Administrator of the Office of Federal Procurement Policy (OFPP)?

*I believe that the President nominated me based on my professional skills and experience in both the public and private sectors. I have worked with major corporations, small businesses, state governments, and all Chief Financial Officers (CFO) Act federal agencies on procurement matters. I have spent the last several years working to help small businesses, and have achieved quantifiable results. I understand and respect the myriad stakeholders involved in the federal procurement system and have been able to use collaborative dialogue and data-driven fact-based analysis to achieve results.*

2. Were any conditions, expressed or implied, attached to your nomination?

*No.*

3. What specific background and experience affirmatively qualifies you to be the Administrator of OFPP?

*I have worked on contracting issues in both the public and private sector over the last decade. I participated on and led consulting teams that advised both public and private entities on how to improve their purchasing and supply management practices. During the last 3 years as Associate Administrator for Government Contracting and Business Development at the Small Business Administration (SBA), I oversaw several Federal contracting set-aside programs that drove nearly \$100 billion in government procurement dollars to small businesses. During my time at SBA, we increased performance against all five statutory small business contracting goals while also reducing fraud, waste, and abuse and making significant investments in our people and systems. I have considerable experience testifying before Congress, including twice before the Senate Homeland Security and Government Affairs Committee, working with Senate and House staff, and interacting with many external stakeholder groups.*

4. Have you made any commitments with respect to the policies and principles you will attempt to implement as Administrator? If so, what are they and to whom have the commitments been made?

*No.*

5. If confirmed, are there any issues from which you may have to recuse or disqualify yourself because of a conflict of interest or the appearance of a conflict of interest? If so, please explain what procedures you will use to carry out such a recusal or disqualification.

*In connection with the nomination process, I have consulted with the Office of Government Ethics and the Office of Management and Budget's designated agency ethics official to identify potential conflicts of interest. Any potential conflicts of interest will be resolved in accordance with the terms of an ethics agreement that I have entered into with the OMB's designated agency ethics official and that has been provided to this Committee. I am not aware of any other potential conflicts of interest.*

## **II. Role of the Administrator, Office of Federal Procurement Policy**

6. What is your view of the role of the Administrator of OFPP?

*The Administrator for Federal Procurement Policy must be a collaborative leader for Federal procurement issues. He or she must work with all of the government procurement stakeholders to provide overall guidance and direction for procurement policy, and to the extent appropriate, prescribe policies, regulations, procedures, and forms which shall be followed by executive agencies in the area of procurement.*

*The functions of the Administrator include, but are not limited to, the following: (1) establishing a system of coordinated uniform procurement regulations for executive agencies; (2) establishing criteria and procedures for an effective method of soliciting the viewpoints of interested parties in the development of procurement policies; (3) monitoring and revising policies, regulations, procedures, and forms concerning reliance on the private sector to provide needed property and services; (4) promoting and conducting research in procurement policies, regulations, procedures, and forms; (5) establishing a system for collecting and developing procurement data; and (6) recommending programs for recruitment, training, development, and performance evaluation of procurement personnel. If confirmed, I am committed to working with the procurement community and Congress in each of these areas to achieve an effective and efficient Federal procurement system.*

7. If confirmed as OFPP Administrator, what key performance goals would you want to accomplish during your tenure, and how will this Committee know whether you have accomplished them?

*While there are many challenges and opportunities facing the acquisition community, I plan to focus on three main areas if confirmed.*

*First, we must work with the agencies to ensure the government is buying smarter and maximizing the value of each contracted dollar. We must improve the data analysis and metrics that drive procurement policies and decisions. We should also increase our efforts in areas such as strategic sourcing that allow the government to better leverage its buying power.*

*Second, I will build on ongoing efforts to ensure that we only do business with responsible parties with appropriate ethics and business integrity and that we increase the business we do with small and disadvantaged businesses.*

*Third, we must invest in our acquisition workforce and get these dedicated public servants the support and training that they need to execute this vital mission.*

8. As the government's reliance on contractors has increased and become more complex, OFPP's mission in bringing economy, efficiency, and effectiveness to federal procurement has become more challenging, and yet the staffing level at OFPP has remained relatively stagnant in recent years, at roughly a dozen full time equivalents (FTEs).
  - a. In light of the fact that federal government contract spending is well over \$500 billion annually, do you believe that OFPP has adequate funding and staff to execute its statutory responsibilities effectively?

*Having worked with the OFPP team in my previous position at SBA, I appreciate that this small staff has significant and important responsibilities. As the lead office for acquisition policy in the government, OFPP is uniquely positioned to leverage the expertise of the Chief Acquisition Officers Council (CAOC) and other cross-agency groups to expand their understanding of many complex issues and assist in the implementation of key initiatives. I will examine the funding and staffing issue more closely if I am confirmed.*

- b. Do you believe that the current structure of OFPP is effective for executing its statutory responsibilities?

*I will work closely with the Acting Director of OMB and the OFPP staff to ensure the staff are optimally positioned to fulfill their responsibilities if confirmed.*

- c. Given the small number of staff at OFPP, how would you focus your priorities to have the greatest impact on federal procurement?

*Given the budgetary constraints that all agencies are under, I believe that focusing on a small number of key priorities will best serve the agencies. Promoting policies and*

*tools designed to encourage smarter buying – such as increasing strategic sourcing and reducing unnecessary duplication, especially for information technology – can help agencies meet their mission goals using fewer resources. Ensuring that we only do business with high-performing and responsible actors will also deliver more value to the taxpayer. Finally, strengthening the acquisition workforce will serve as the best foundation for ensuring we can meet our key priorities.*

9. Some experts in the acquisition community have suggested that OFPP should focus on the whole acquisition cycle, with a greater emphasis on pre- and post-contracting responsibilities such as requirements planning, contract management, and program accountability. What is your view of this suggestion? What kind of additional resources would OFPP need to expand its focus beyond “procurement” to “acquisition”?

*I believe it is essential to the success of the government's acquisition policies and programs that the community, with OFPP's leadership, emphasizes equally the three key phases of acquisition – planning, award, and administration. From my experience, program managers (PMs), contracting officers (COs), and contracting officers' representatives (CORs) must continue to work more closely together to ensure that 1) requirements adequately describe what's needed, 2) the contracting strategies reduce risk to the government, and 3) agencies are vigilant in contract oversight to ensure taxpayer dollars are well spent throughout the life of the contract.*

*OFPP's recent efforts to encourage smarter buying are an example of the importance of this lifecycle focus. Increasing the use of strategic sourcing demands that PMs and COs coordinate closely during requirements development to better leverage the government's purchasing power. Similarly, reducing spending on management support services requires COs and CORs to monitor more carefully the work being done so that we do not order or pay for more than we need.*

*If confirmed, I will ensure that all three phases of the acquisition process are carefully considered in our policies and practices. I also will examine the funding and staffing issue more closely if I am confirmed.*

10. What do you see as the appropriate relationship between OFPP and the acquisition policy functions of the General Services Administration (GSA) and of other federal agencies?

*Due to its position within the Office of Management and Budget and the Executive Office of the President, I believe OFPP is uniquely positioned to lead the government's acquisition policy function. However, to be successful in this role, OFPP must coordinate closely with GSA, the Department of Defense, the Small Business Administration, and other key agencies. Through OFPP's leadership of the Chief Acquisition Officers Council, the Federal Acquisition Regulatory Council, the Cost Accounting Standards Board, and other cross-agency groups, the views of all agencies*



*can be solicited and considered as OFPP develops and implements key policies. If confirmed, I will work closely with the agencies to ensure that OFPP's policies appropriately reflect their input.*

11. Many of the federal government's acquisition problems relate to the procurement of information technology (IT), which totaled approximately \$80 billion last year. The U.S. Chief Information Officer (U.S. CIO) has undertaken a 25-point plan to reform IT management which includes several initiatives related to the contracting process for IT.
  - a. What should be the relationship between the Administrator of OFPP and the U.S. CIO in working to improve the acquisition of IT?

*I believe the OFPP Administrator and the U.S. CIO, who leads OMB's Office of E-Government and Information Technology (E-Gov Office), must work in lockstep to improve the acquisition of IT and, if confirmed, I will make this a top priority. By focusing on strategic sourcing and shared first strategies, agencies can reduce prices paid and avoid duplicative administrative costs. I understand that OFPP works closely with the E-Gov Office in the implementation of the 25-Point Plan to improve vendor-government communications through improved pre-solicitation collaboration. OFPP is working to dispel the misconceptions that sometimes exist in the procurement community around issues of agency and vendor interactions. I also understand that both teams are currently collaborating with GSA to establish government-wide solutions to reduce wireless device and service costs. If confirmed, I look forward to continuing this good work to further improve the acquisition of IT.*

- b. On what specific initiatives will you seek to collaborate?

*If confirmed, I look forward to engaging with the CIO to determine which specific initiatives would benefit from our collaboration, but I am confident that advancing the efforts to strategically source and share IT resources will be an area of joint focus.*

### **III. Policy Questions**

#### ***Contract Award and Management***

12. On March 4, 2009, the President issued a memorandum directing the Office of Management and Budget (OMB) to issue guidance to assist agencies in identifying contracts that are wasteful, inefficient, or otherwise not likely to meet an agency's needs. The President also asked OMB to issue additional guidance on a number of specific issues related to acquisition management. Following this charge, OMB issued a series of memoranda to agencies, including directives requiring agencies to save \$40 billion annually by Fiscal Year (FY) 2011 and reduce the share of dollars obligated under new

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“high-risk” contracts (e.g., noncompetitive, cost-reimbursement, and time-and-materials contracts) by 10 percent in FY2010.

- a. Last fall, Government Accountability Office (GAO) released an analysis of reported savings under these initiatives.<sup>1</sup> GAO found that under OMB’s initiative, agencies had undertaken many strategies – e.g., improved planning, strengthening the workforce, streamlining processes – that show promise in yielding long-term savings or improved acquisition outcomes. However, GAO also found that the extent of savings resulting from OMB’s initiatives was unclear, and that some agencies reported savings that appeared to result from overall spending decisions and not necessarily from contract reforms. What metrics do you think could be developed to better track the results of these contract reform efforts?

*Different types of savings initiatives will warrant different measures. For example, an initiative that involves buying less of a product or service on which there is evidence of overspending, such as management support services, can be measured by looking at the difference between base year spending for that service and target year spending, as reported by product or service code to the Federal Procurement Data System (FPDS). Other types of savings initiatives, such as strategic sourcing, may call for more sophisticated measures since savings may be derived in multiple ways. If confirmed, I will work closely with the agency CAOs, SPEs and the CAOC’s Strategic Sourcing Working Group to review the different methodologies that agencies developed to measure savings. I will work with the interested stakeholders to identify those metrics and reports that most effectively and accurately capture the savings and syndicate them to achieve greater consistency across agencies in how they track results.*

*Having spent much of my private sector career developing quantitative metrics that companies and other organizations could use to make strategic and tactical decisions, I look forward to applying this insight to government-wide acquisition initiatives, if confirmed as OFPP Administrator. During my time at SBA, I oversaw the complete revision of the Small Business Contracting Scorecard to increase transparency, data-driven management, and accountability for results.*

- b. GAO found that in FY2010, agencies had decreased use of high-risk contracts by less than 1 percent – well short of the 10 percent goal. GAO recommended that OFPP expand its focus to include other high-risk areas, such as noncompeted blanket purchase agreements. What plans do you have for further focusing agency attention on high-risk contracts to ensure that these types of contracts are used only when appropriate, and to ensure that when they are used, agencies exercise proper oversight to protect against waste of taxpayer dollars?

<sup>1</sup> GAO, *Federal Contracting: OMB’s Acquisition Savings Initiative Had Results, but Improvements Needed*, GAO-12-57 (Washington, D.C.: November 2011).  
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*As stewards of taxpayer resources, agencies have an ongoing responsibility to manage and reduce their high risk contracting. If confirmed, I would expect high risk contracting to be an ongoing subject of the Acquisition Status (AcqStat) sessions that OFPP holds with each CFO Act agency. During these sessions, I would want to discuss the agency's analysis of its high risk spending data, successes in adopting best practices (such as contract review boards to review planned acquisitions and internal scorecards to evaluate the effectiveness of internal policies and controls) and any policy challenges where OFPP might be able to lend its assistance.*

- c. What do you see as the next critical steps needed to further the goal of reducing wasteful, inefficient, or ill-structured contracts?

*I believe there are at least two steps that need to be taken. First, agencies need to ensure that the acquisition workforce is receiving the training it needs to structure and manage potentially high risk contracts effectively when their use is justified. Development, negotiation and management of cost-type contracts, in particular, require a higher level and broader range of skills -- e.g., cost and price analysis, finance, accounting, industrial engineering -- than are typically required for competitively awarded fixed-price contracts. Second, we must keep an eye on how agencies are managing new regulatory requirements that have been put in place to help agencies reduce risk and get better results from their contracts. In this regard, I was very pleased to read that the FAR Council recently finalized rules to strengthen agency management of cost-reimbursement contracts and increase competition for blanket purchase agreements. I plan to study these rules more carefully, if confirmed, and will discuss with agencies the progress they are making in implementing these rules.*

13. Cost, schedule and performance problems often arise because agencies do a poor job of setting requirements before negotiating contracts, project unrealistic cost estimates, or change requirements after entering contracts. What actions do you believe OFPP can take to improve the processes of setting requirements for contracts, especially for complex acquisitions, and of developing more realistic cost estimates?

*Requirements development, scope management, and cost estimating continue to be challenging areas for agencies, and these challenges often grow as programs become more complex. However, I think that some good work in this area has been done and, if confirmed, I look forward to building on these efforts. For example, in support of OMB's 25-Point Plan for improving the acquisition and management of IT, I understand that OFPP issued its "MythBusting" memorandum, and continues to develop ways to improve government-vendor communication during the requirements development phase. This will help the government better understand the marketplace -- both the technology and the pricing -- and will encourage the industry to help shape the acquisition strategy and project requirements. Further, OFPP issued guidance to agencies on developing IT*

*acquisition cadres so that their highest risk, most complex IT programs could be managed by a specially trained cadre of program managers, contracting officers, contracting officers' representatives, and other key acquisition professionals. This concept could be used for many types of high-risk programs that require dedicated attention throughout the lifecycle of the program.*

14. Holding contractors accountable for past performance is an important tool for making sure the federal government receives good value from its contracts. However, in 2009 GAO found that contracting officials were reluctant to rely on currently available past performance data in making contract award decisions because of concerns about the reliability and relevance of the data.<sup>2</sup> On July 29, 2009, OFPP issued a memorandum to Chief Acquisition Officers and Senior Procurement Executives reinforcing new Federal Acquisition Regulation (FAR) requirements for the electronic submission of past performance information. OFPP also outlined management responsibilities for implementing the new FAR rules. On January 21, 2011, OFPP issued a summary of its review of agencies' past performance assessments. Based on sampling of agency data, OFPP estimated that past performance assessments had been completed only for a small percentage of awards, especially in civilian agencies. OFPP also found that reports generally lacked sufficient information.

- a. Why do you think agencies are reluctant to complete meaningful past performance assessments when these assessments could be extremely useful tools in helping agencies select qualified contractors?

*I do not believe agencies are reluctant to complete meaningful past performance assessments, but instead that they often lack adequate resources and proper training to complete meaningful assessments in a timely manner. I understand that OFPP issued several memoranda to improve past performance assessments, and that recent regulatory changes were made to establish, among other things, a single, web-based government-wide repository for performance assessments. If confirmed, I look forward to working with the agencies to ensure the acquisition workforce has the resources and tools necessary to conduct meaningful past performance assessments so that only responsible, qualified contractors are selected for award.*

- b. What would you do to follow up on the July 29, 2009 OFPP memorandum to Chief Acquisition Officers and Senior Procurement Executives regarding management responsibilities in implementing FAR rules related to past performance?

<sup>2</sup> GAO, *Federal Contractors: Better Performance Information Needed to Support Agency Contract Award Decisions*, GAO-09-374 (Washington, D.C.: April 2009).  
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*If confirmed, I will build on the guidance that OFPP issued in January 2011, which recommended that agencies take additional steps to improve the collection of past performance information, and on existing outreach efforts to emphasize the importance of collecting and using past performance information. For example, I understand that OFPP meets with agencies throughout the year for AcqStat sessions to review acquisition practices and progress in achieving goals for various acquisition priorities (e.g. strategic sourcing initiatives, small business participation, past performance, etc.). If confirmed, I will continue these discussions and expect agencies to report on their management oversight strategy for collecting past performance information and demonstrate efforts made to improve their workforce's knowledge of the requirements and the tools available to assist in this important effort.*

- c. What do you think are the key steps that agencies need to take to improve the quality of past performance information?

*While I have not had a chance to discuss this with agency acquisition officials, I believe that to improve the collection of useful and timely contractor past performance information, agencies should strengthen their past performance reporting guidance and management controls and make certain their workforce is aware of the FAR requirements and has been adequately trained on how to create an effective performance record in the government-wide repository. Additionally, as with other policies, agencies need to establish clear roles and responsibilities for those responsible for preparing and reviewing these assessments and make certain these individuals receive proper training to perform these tasks.*

- d. Would the quality of past performance information be improved by more training, better technology, active leadership, and/or more focus on contract administration/management tasks?

*Yes. I believe that additional training, better information technology, and leadership's focus on contract administration would improve not only the quality of the past performance assessments, but other important contract management tasks as well.*

- e. Will you continue to monitor and report on agency efforts to improve past performance assessments?

*Yes. If I am confirmed, I will continue to monitor agency efforts to improve their contractor performance evaluations and to look for ways to provide the workforce the tools needed to complete this important work.*

- f. How do you intend to hold agencies accountable for improving past performance assessments?

*I understand that OFPP's January 2011 guidance asked agencies to implement a series of steps to improve past performance assessments, such as establishing a review process similar to the sampling review conducted by OFPP, to help measure compliance and assess the quality of past performance information throughout the year. If confirmed, I will ensure that the OFPP team and the agencies continue to make ongoing improvements to past performance information collection. In addition to encouraging the use of the new tools described above, I will emphasize the importance of this effort in AcqStat sessions, Chief Acquisition Officers Council (CAOC) meetings, and other opportunities for engagement with senior leadership and front line professionals.*

15. GAO has designated contract management as a high-risk issue in three agencies – the Department of Defense (DOD), the Department of Energy (DOE), and the National Aeronautics and Space Administration (NASA) – and has identified problems in individual acquisitions at numerous other agencies, including the Department of Homeland Security (DHS). What role do you think the OFPP Administrator should play in working with these agencies in resolving the problems that led to the high-risk designation?

*I believe that it is important for the OFPP Administrator to work collaboratively with both GAO and Federal agencies on any contracting practice that GAO deemed high-risk or otherwise identified as an area in need of significant attention. I understand that agencies use GAO's insight into the root causes of high risk contract management practices to develop corrective action plans which, in turn, has helped OFPP and the Resource Management Offices within OMB to better understand the challenges these agencies face and provide appropriate support. If confirmed, I would want to work closely with DOD, DOE, NASA, and DHS (in collaboration with GAO) to ensure progress is being made in addressing high risk and other identified acquisition challenges and OMB is providing the support agencies need to resolve these problems.*

#### *Interagency Contracting*

16. As you know, GAO designated management of interagency contracting a government-wide high-risk issue in January 2005. GAO stated that this method of procurement, when used properly, provides government personnel with a simplified means to acquire goods and services. However, GAO deemed interagency contracting as a high-risk area in part because of the need for stronger internal controls, clear definitions of roles and responsibilities between agencies that award umbrella contracts and agencies that issue individual orders under those umbrella contracts, and training to ensure proper use of interagency contracts. In its 2011 update of its high-risk report, GAO acknowledged that

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OMB, GSA, and agencies have made progress in improving the management of interagency contracting. GAO found remaining challenges, though, that prevent agencies from fully realizing the benefits of interagency contracts.

- a. GAO noted the lack of reliable, comprehensive data on the number of multi-agency contracts (MACs). Do you envision creating a database that would allow agencies to know what MACs are available for their use?

*I view interagency contracting as a valuable tool that can offer important benefits to agencies, including reduced administrative costs and the ability to leverage resources and buying power. I believe that making information available about multi-agency contracts and other government-wide contracts will improve our ability to achieve better pricing, improved quality, and increased administrative efficiencies. If confirmed as OFPP Administrator, I will work with GSA and other agencies to explore viable options, including databases, for providing information about multi-agency and other contract vehicles that are available for interagency use.*

- b. GAO also found that GSA lacks data about customer agencies' use of its Multiple Award Schedule program – the largest interagency contract program – which limits GSA's ability to determine how well the program meets its customers' needs. How should GSA collect this data?

*This is an area that, if confirmed, I would explore with GSA. I am not familiar enough with the issues at this point to provide an opinion.*

- c. What lessons do you think civilian agencies could learn from efforts at DOD to provide transparency on pricing data? Should there be a civilian counterpart to DOD's defense contract pricing center of excellence, which is responsible for pricing data analyses?

*This is an area that, if confirmed, I would want to explore with DOD, GSA, and other agencies. I am not familiar enough with the issues at this point to express an opinion, but am interested in pursuing solutions that improve operations and enhance transparency. I believe that increasing price transparency within the government is crucial to achieving the goal of buying smarter.*

17. Unnecessary duplication of MACs undermines the federal government's buying power and unnecessarily increases administrative costs across the government. In its final recommendations, the Acquisition Advisory Panel, created by Congress in the Services Acquisition Reform Act of 2003 (P.L. 108-136), recommended that MACs and certain large single-agency contracts be centrally coordinated by OMB to avoid unnecessary duplication. Responding to this recommendation, the Committee approved a provision in

2007 to require that new MACs be justified by a business case analysis. This provision, in amended form, was included as section 865(b)(2) of the National Defense Authorization Act for FY2009 (P.L. 110-417). OFPP finally issued a memorandum to implement this provision on September 29, 2011.

- a. The OFPP memorandum requires business cases for Governmentwide Acquisition Contracts for (GWACs) IT to be submitted to OMB. This is consistent with the Clinger-Cohen Act, which requires OMB to designate an agency as an executive agent for each GWAC. However, for other types of MACs, blanket purchase agreements and agency-specific contracts, the September 29 memorandum states that OFPP “reserves the discretion to require the agency to submit the approved business case to OMB for review, prior to the agency releasing a final solicitation.” When do you think OFPP should exercise this discretion?

*As I understand the OFPP memorandum, it is intended to strengthen agency buying practices and help agencies avoid duplicative contracts that are wasteful to vendors and the government. While there are several possible approaches to ensuring agencies conduct thorough needs assessments before issuing a new MAC, I expect OFPP would follow up with an agency when it is clear that the agency has failed to consider the suitability of existing interagency vehicles and agency-specific contracts or when the agency has failed to describe the value that will be added by establishing a new interagency contract – as these would be warning signs of a wasteful investment.*

- b. Short of requiring agencies to submit the business cases to OMB for review, what will you do to ensure the quality of agencies’ business case analyses?

*I believe there are steps that can be taken to ensure the quality of business cases. For example, periodic review (e.g., sampling of business cases) by OFPP can help to ensure that agency decisions to award new acquisition vehicles are supported by analysis that adequately demonstrates the potential value of the proposed vehicle. If confirmed, I will work with OFPP on additional measures to ensure the quality of analysis contained in agency business cases.*

18. Congress has authorized state and local governments to purchase goods and services off the GSA schedules in limited circumstances. The E-Government Act of 2002 (P.L. 107-347) authorized state and local governments to purchase information technology equipment from GSA schedules. Congress again granted similar purchasing authority, known as “cooperative purchasing,” in 2007 by authorizing state and local governments to use the GSA schedules for purchases related to recovery from disasters, acts of terrorism, or nuclear, biological, chemical or radiological attack. In 2008, Congress enacted the Local Preparedness Acquisition Act (P.L. 110-248) authorizing state and



local purchasing under GSA Schedule 84, which covers products and services related to law enforcement and security.

- a. Do you believe that cooperative purchasing is a concept that should be further expanded? In your view, does cooperative purchasing create any risks, either for GSA or for state and local governments?

*In general, I am open to innovative ideas in procurement. However, I have not yet had the opportunity to study this topic thoroughly. Before forming an opinion or making a decision, if confirmed, I would like to meet with the various stakeholders and assess the potential benefits and risks.*

- b. Currently, federal grantees are specifically excluded from participating in the cooperative purchasing. What are the benefits and risks to the federal government in expanding the cooperative purchasing program to include federal grantees?

*I have not yet had the opportunity to study this issue. However, if I am confirmed, I look forward to working with the Office of Federal Financial Management on the possibility of applying innovative procurement ideas to Federal grantees.*

#### *Acquisition Workforce*

19. Total spending on government contracts has roughly doubled over the period from 2000 to 2008, yet the number of federal acquisition specialists who help plan, write, and oversee these contracts remained fairly constant, following a downsizing of approximately 50% in the 1990s. In FY2009 – FY2010, the number of contract specialists at civilian agencies grew by 6.5%, while the number grew slightly less at DOD. This modest increase, though, is overshadowed by the coming retirement boom in the federal workforce. The Federal Acquisition Institute (FAI) reports that retirement eligibility within the next 10 years will remain almost constant, at just under 50% of the workforce.

- a. What are your views on the quality, and capacity of the federal acquisition workforce?

*I believe that a well-trained acquisition workforce is the foundation for ensuring taxpayers get the best value for their money. To do this, we need to continue to build the capacity and capability of the workforce to meet current and future demands – especially in light of pending retirements. The Administration has taken strong steps in this direction – from requesting resources in the President's Budget to refreshing certification standards – but more needs to be done and I intend to make this a priority, if confirmed.*

- b. Are there particular types of acquisition roles for which there should be an increased focus in recruiting (such as senior acquisition professionals, contracting officers, contracting officer representatives or contracting officer technical representatives)?

*Each function of the acquisition workforce has an important role in ensuring better program outcomes, and agencies must do the appropriate planning to determine their human capital needs. However, I have heard from leaders in the acquisition community that there should be a focus on recruiting cost/price analysts who can help us negotiate better deals and manage our costs on more complex programs. I also think an increased focus on Contracting Officers' Representatives would be helpful in managing contracts post-acquisition. If confirmed, I want to explore these areas more closely.*

- c. What specific actions should OFFP take to better define the scope of the federal acquisition workforce?

*I believe that OFFP should continue to focus on the broad scope of the acquisition process – from requirements development through contract administration – and its workforce policies should reflect this focus. Specifically, program personnel who help define the requirements for an acquisition and individuals who serve as contracting officers' representatives (CORs) during performance need to understand the importance of their role in the process and should be trained and developed accordingly. I understand that OFFP recently updated their COR certification program and has plans to update additional certification requirements to ensure the acquisition workforce has the skills it needs, and if confirmed, I look forward to working with the team to continue this work.*

- d. If confirmed, what steps would you take to ensure that the federal acquisition workforce is capable of meeting the government's future acquisition needs and challenges – particularly in the area of service contracting?

*If confirmed, I will make strengthening the acquisition workforce a top priority. I understand that OFFP leads a robust human capital planning process with the civilian agencies each year, in accordance with their acquisition workforce development strategic plan, and that this process is helpful to agencies in identifying and strengthening their acquisition workforce. I believe this process is also valuable to OFFP in identifying areas of focus for its human capital initiatives, such as providing guidance and tools to improve service contracting and other key initiatives. If confirmed, I intend to discuss these agencies' plans with agency Senior Procurement Executives to ensure they are making their workforce development an agency priority.*

*I also intend to work closely with GSA and the Federal Acquisition Institute (FAI) Board of Directors who lead FAI. In an era of significant budget constraints, the acquisition community must come together to better leverage agencies' efforts to train and develop the acquisition workforce members. If confirmed, I also want to ensure that there is adequate consultation with the Office of Personnel Management on human capital matters and adequate partnership with the Defense Acquisition University so that we take advantage of these organizations' expertise.*

- e. How would you address the special workforce challenges in the context of overseas contingency contracting?

*This is an area that, if confirmed, I would explore more closely with OFPP, DoD, and other agencies currently involved in overseas contingency contracting to better understand the unique challenges that this workforce faces. I would imagine that in this environment, program managers, contracting professionals and contracting officer's representatives must work very closely together to define requirements, manage contractors appropriately, and ensure that the government gets what it needs.*

- f. What metrics should agencies use to gauge whether they have sufficient numbers of in-house staff to maintain institutional capacity to carry out the full range of acquisition functions?

*I agree agencies should make certain that they have enough expertise in their technical and procurement functions that they can competently evaluate proposals and negotiate in the best interest of the government. In my experience, agencies need to engage in rigorous human capital planning that reflects a broad discussion with other functional leaders, such as agency CFOs, CIOs, and CHCOs who are often partners in the our acquisition efforts. Additionally, I believe this planning is best supported by a wide range of metrics and performance indicators including, but not limited to, reductions in the use of high-risk contracting vehicles, increased competition, increased small business participation, etc. If confirmed, I look forward to working with the community to identify other ways to ensure agency acquisition personnel have the skills and capacity needed to meet mission goals.*

- g. In assessing the functions of OFPP, what priority would you assign to improving the size and skills of the federal acquisition workforce?

*Strengthening the acquisition workforce would be a top priority of mine, if confirmed.*

- h. How would you recruit the next generation for the acquisition workforce?

*If confirmed, I would work closely with the Office of Personnel Management, FAI, and*  
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*other agencies in recruitment efforts with a focus on understanding the goals of the next generation and how best to recruit and retain them. It is my understanding that many younger acquisition professionals are attracted to the mission of an agency, so making the connection for them so they can see how their efforts contribute to that mission is important.*

20. Section 864 of the 2011 National Defense Authorization Act (NDAA) clarified the organizational structure, missions and functions of the FAI. The FAI provides important career training and development for federal workers involved in the procurement of goods and services on behalf of federal civilian agencies. This section of the NDAA is identical to S. 762, legislation introduced by Senator Collins and approved by this Committee in 2011. The provision requires the Director of FAI to be appointed by and report directly to the OFPP Administrator. The provision also strengthens the qualification requirements for the Associate Administrator of OFPP for Acquisition Workforce Programs and elevates that position by ensuring it is located at OFPP, not FAI. As the Committee explained in its report to S. 762, "these changes would clarify the responsibilities of OMB – the federal government's lead and cross-cutting agency for management – with respect to FAI."

- a. In light of this legislation, what do you see as your role with respect to FAI?

*I envision the OFPP Administrator taking a strong leadership role with respect to FAI and, if confirmed, I look forward to working with GSA and the FAI Board of Directors to take an active role in helping FAI prioritize the many needs of the civilian agency acquisition workforce. I note that the Associate Administrator for Acquisition Workforce Program at OFPP works very closely with the Director of FAI, and I understand that there has been significant progress made in developing FAI into a valuable resource for the community. If confirmed, I intend to meet regularly with the GSA and FAI leadership team to ensure the community's needs are being met or exceeded.*

- b. How will you implement the provision requiring the Director of FAI report directly to the OFPP Administrator?

*If confirmed, I intend to take an active role in the management of FAI and to work closely with GSA in that effort. In particular, I would work closely with the Director of FAI in setting the strategic direction of the organization and will consult with the GSA leadership on a regular basis regarding FAI's performance. Additionally, I will meet with the FAI Director and the FAI Board of Directors frequently to ensure the organization is meeting or exceeding its goals and the community's expectations.*

- c. What action will you take to improve FAI given these new authorities in Section 864?

*If confirmed, I hope to work closely with OFPP, GSA and FAI to develop a Service Level Agreement establishing roles and responsibilities for each of these organizations, formalizing the FAI Board of Directors, and setting performance expectations for FAI. I understand that FAI has already made some progress in improving how it meets the needs of the civilian agency acquisition workforce, but there is still work to do. If confirmed, I will work closely with OFPP's Associate Administrator for Acquisition Workforce Programs, FAI, and the FAI Board of Directors to ensure FAI continues to improve and will seek frequent input from the acquisition leadership throughout the Government on FAI's performance.*

- d. How will you identify duplication in civilian acquisition workforce training and leverage training resources government-wide?

*I understand that OFPP and FAI are working with each of the civilian agencies to understand their acquisition workforce training initiatives in an effort to leverage these important resources government-wide. In this fiscal environment, we cannot afford for agencies to waste money duplicating efforts. If confirmed, I will support FAI's efforts to collaborate with other civilian agency acquisition training programs to leverage training and development initiatives supporting all members of the civilian agency acquisition workforce.*

- e. How do you plan to leverage Defense Acquisition University and VA Acquisition Training Academy resources? What lessons learned can be gleaned from these organizations to improve FAI training for the civilian acquisition workforce government-wide?

*I will support increased collaboration between FAI, the Defense Acquisition University (DAU), the VA Acquisition Training Academy, and other Federal organizations that provide training to acquisition workforce members in order to leverage these critical resources and meet the needs of the civilian agency acquisition workforce. I understand that DAU has great training and research resources, and I recently visited the impressive facility at the VA Academy. If confirmed, I will meet regularly with the leadership of these and other organizations to leverage resources and share best practices.*

- f. How do you plan to implement requirements for government-wide training standards and certifications? What is OFPP's role in this process?

*I understand that OFPP is responsible for developing certification requirements for the civilian agency acquisition workforce. If confirmed, I will work with the appropriate stakeholders to update the certifications for contracting professionals and project/program managers and will ensure that appropriate training is offered by FAI and its training partners.*

- g. How do you plan to use the new flexibility in the use of the Acquisition Workforce Training Fund to improve FAI and training opportunities for the civilian acquisition workforce?

*If confirmed, I will work closely with FAI and its Board of Directors to ensure appropriate initiatives are put in place to strengthen the civilian agency acquisition workforce. These efforts will be geared toward developing the acquisition workforce, which will include both training opportunities and other developmental initiatives. Having more flexibility in using the Acquisition Workforce Training Fund will be helpful in implementing broader developmental initiatives.*

21. Civilian acquisitions were approximately one-third of the total \$535 billion in federal acquisitions in FY2011. We understand that FAI is supported by approximately \$15 million in the Acquisition Workforce Training Fund. By contrast, the estimated budget for the Defense Acquisition University for FY2013 is \$147 million – a much larger budget in relation to DOD's acquisitions than FAI's in relation to civilian contracting.

- a. Do you think that FAI has adequate budget and resources? What should the budget of FAI be?

*If confirmed, I would discuss this with the leadership at GSA and FAI. I am not in a position today to express a view on this question other than to underscore my commitment to ensure the development of a competent and capable acquisition workforce.*

- b. What benefits or challenges would you envision to establishing a civilian agency counterpart to the Defense Acquisition Workforce Development Fund?

*I appreciate all that this Committee has done to support the civilian agency workforce – especially the establishment of the Acquisition Workforce Training Fund, which is the first centralized funding source for civilian agency workforce development. However, I am not as familiar with the benefits or challenges that a fund similar to the Defense Acquisition Workforce Development fund would offer, but if confirmed, I will examine the issue more closely.*

#### *Managing the Multi-Sector Workforce*

22. Reliance on contractors, especially for services that closely support inherently governmental work, raises a risk that government decisions are not adequately independent of contractor judgments. On September 12, 2011, OFPP issued Policy Letter

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11-01, "Performance of Inherently Governmental and Critical Functions" to help clarify when governmental outsourcing for services is and is not appropriate. Specifically, the Policy Letter aims to clarify what functions are "inherently governmental" – and must therefore always be performed by federal employees – and to explain precautions agencies must take when work is "closely associated" with inherently governmental work. Additionally, the Policy Letter directs agencies to identify "critical functions," which may be performed by contractors as long as agencies retain sufficient internal capacities to maintain control over functions that are core to the agency's mission and operations. Finally, the Policy Letter outlines a series of agency management responsibilities for the effective implementation of these policies.

- a. What plans do you have to follow up with agencies regarding their implementation of Policy Letter 11-01? Do you think that OFPP should give a specific deadline to agencies for meeting implementation requirements of the Policy Letter?

*As indicated by the policy letter, rebalancing the relationship between contractors and Federal employees requires collaboration between human capital, budget and contracting officials. The policy letter further requires that agencies designate responsible management officials to OMB by June 1, 2012. Implementation of Policy Letter 11-01 will require an ongoing effort, and if confirmed as the Administrator, I will request updates from the designated officials to make sure agencies are making reasonable progress and to identify best practices and lessons learned that can be shared across agencies.*

- b. Some members of the contracting community have expressed a concern that the Policy Letter creates confusion about the difference between "closely associated with inherently governmental work" and "critical functions". What will you do to ascertain whether additional guidance is needed to eliminate any confusion?

*If confirmed, I will work with the designated agency officials to discuss implementation efforts. As part of these discussions, I will gauge if agencies are experiencing challenges in understanding the differences between these terms to inform if any further clarifications are needed. The preamble to the policy letter states that OFPP intends to work with the Federal Acquisition Institute and the Defense Acquisition University on appropriate training materials for the acquisition workforce and other affected stakeholders. I intend to follow up to ensure the training needs of the acquisition community associated with the implementation of the policy letter are being met, should I be confirmed.*

- c. What other steps would you take as Administrator to assure that agencies clearly establish roles and responsibilities for support contractors as well as provide effective oversight of support contractors?

*If confirmed, I will work with the designated agency officials to ensure that agencies have appropriate internal policies and controls in place to implement the requirements of the policy letter, such as the requirement that the agency consider establishing in the contract specified ranges of acceptable decisions and/or conduct and that the agency assign a sufficient number of qualified government employees to give the necessary management attention to the contractor's activities. I will also work with the FAR Council to ensure the appropriate regulatory changes are made to the FAR and with FAI and DAU to make sure our agencies' training needs are being met.*

23. Section 743 of the FY2010 Consolidated Appropriations Act (P.L. 111-117) requires civilian agencies to prepare an annual inventory of their service contracts and to analyze the inventory to determine if the mix of federal employees and contractors is appropriate.

- a. Do you think that the service contract inventories are useful tools in determining whether contractors are being used appropriately and effectively?

*Service contract inventories can give agencies greater insight into the types of services and functions performed by contractors and provide a useful tool for implementing the principles in OFPP's policy letter and evaluating if contractors' skills are being utilized in an appropriate manner. In this regard, it was particularly helpful that OFPP asked agencies to give heightened attention in their analyses to "special interest functions" where the agency believes it is at greatest risk of being overly reliant on contractors.*

- b. OFPP guidance to civilian agencies for the FY2010 and FY2011 inventories allowed agencies to exclude data on the number of FTE and amounts invoiced for services even though section 743 provides that agencies should include the number and work location of contractor and subcontractor employees, as expressed in FTEs for direct labor. OFPP explained that this data is not currently available in the federal procurement data system (FPDS). What method do you recommend that agencies use to provide this information? Are there lessons that you would draw from the DOD's implementation of its service inventory requirement (10 U.S.C. § 2330a)?

*I am not sufficiently familiar with the details of law or policy guidance to speak to this issue. I do understand, however, that (1) the FAR Council is in the process of completing a rulemaking to address the collection of information on direct labor hours from contractors, and (2) the Army has extensive experience in using service contract inventories as a management tool. If confirmed, I would want to ensure that public and agency comment on the proposed FAR rule has been adequately addressed and that policies and practices going forward benefit from the insight gained by the Army.*



24. Section 736 of the Omnibus Appropriations Act, 2009 (P.L. 111-8), requires civilian agencies to devise and implement guidelines on insourcing to ensure that consideration is given to using, on a regular basis, federal employees to perform new functions and functions that are performed by contractors. Section 736 directs agencies to give "special consideration" to using federal employees under certain specific circumstances, such as when work is "closely associated with the performance of an inherently governmental function" or when a contractor has performed work poorly. While section 736 does not specify a role for OMB in the development of the insourcing guidelines, OMB issued a memorandum entitled "Managing the Multi-Sector Workforce" (M-09-26) on July 29, 2009, which, in part, provided criteria on how agencies can use insourcing as a tool for managing the multi-sector workforce.
- a. In reviewing agency implementation of the insourcing guidelines, GAO found that agencies faced a number of challenges in implementing section 736, including uncertainty over the terminology of the provision; confusion as to when a cost analysis is needed and the appropriate procedures to conduct such an analysis; difficulty in gathering certain data related to service contracts; and budget and resource constraints that make insourcing difficult.<sup>3</sup> In addition, a number of lawsuits have been filed to challenge specific insourcing decisions on the grounds that they have violated the Administrative Procedures Act. In light of these various difficulties, do you think it would be appropriate for OFPP to issue additional guidance on insourcing? What role do you envision for OFPP in overseeing implementation of agency insourcing efforts?

*If confirmed as Administrator, I would want to discuss GAO's findings and conclusions with the agencies in light of their experiences to date to determine if additional guidance is necessary to help agencies strike the right balance between Federal employees and contractors. If confirmed, I will work with agencies to ensure they have the necessary guidance to help their workforce in making these decisions, and would also discuss with them about what other support would be helpful.*

- b. What is the role of cost and what cost elements are relevant in making insourcing decisions? Would relevant costs include costs to the agency and costs to the government overall (such as pension and healthcare costs)?

*An agency might base an insourcing decision on cost considerations if it is a situation where performance by either sector would be suitable. By contrast, cost would not be a driving factor to justify insourcing where work must be reserved for performance by Federal employees, such as where the work is inherently governmental or the work is critical and the government is at risk of losing control of its operations if the work is*

<sup>3</sup> GAO, *Civilian Agencies' Development and Implementation of Insourcing Guidelines*, GAO-10-58R (Washington, D.C.: October 2009).

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*performed by a contractor. I agree with the main principles set forth in OMB's 2009 guidance – namely, that a cost comparison should address the full costs of government and private sector performance and result in a "like comparison" of costs. Full costs should include benefits, such as pension and healthcare costs.*

- c. The Center for Strategic and International Studies (CSIS) issued a report in May 2011 entitled, "DoD Workforce Cost Realism Assessment." The report examined DoD's insourcing methodology and after finding gaps in this methodology proposed an alternative workforce cost methodology that emphasized the need for including fully burdened long-term costs of allocating work to the federal workforce when comparing costs between a contractor and federal workforce performing particular functions. What is your view of this proposed workforce cost methodology?

*If confirmed, I would study the report carefully, as well as the cost-comparison procedures that DOD has developed, and discuss CSIS' conclusions and recommendations with officials at DOD that are familiar with DOD's guidance. As noted above, a cost comparison should address the full costs of Government and private sector performance and result in a like comparison of costs.*

- d. What metrics do you think the Administration should use to measure the success of agency insourcing efforts?

*I believe insourcing is a management tool to help agencies strike a balance that best protects the public's interest and serves the American people in a cost-effective manner. For this reason, I think the way to measure if an agency's insourcing efforts have been successful is to evaluate if the agency has achieved a healthy balance in its government employee to contractor mix. This evaluation requires the shared input of the agency's human capital, program, acquisition, and budget offices.*

- e. Some observers have asserted that insourcing efforts have disproportionately impacted small businesses. What considerations do you think agencies should give small businesses in implementing insourcing guidelines?

*While at SBA, I heard many concerns expressed by small businesses who felt they were bearing the brunt of insourcing actions. I believe the steps that are outlined in Policy Letter 11-01 should go a long way in addressing these concerns. First, the policy letter instructs agencies to place a lower priority on reviewing work performed by small businesses where the work is not inherently governmental and where continued contractor performance does not put the agency at risk of losing control of its mission or operations. Second, if an agency makes a management decision to insource work that is currently being performed by both small and large businesses, the policy letter calls on agencies to apply the "rule of two" to the work that will*

*continue to be performed by contractors. (The rule of two requires that acquisitions be set-aside for award to small businesses, or certain subsets of small businesses, if there are two or more responsible small businesses capable of performing the work at fair market prices.) If confirmed, I intend to work with SBA and the other agencies' small business advocates to discuss if this guidance is addressing the concerns raised by the small business community.*

25. In September, 2011, the Project on Government Oversight (POGO) released a study comparing total annual compensation for federal and private sector employees with contractor billing rates. Using data from the Office of Personnel Management, the Bureau of Labor Statistics, and the General Services Administration, POGO concluded that the federal government approves service contract billing rates that pay contractors 1.83 times more than the government pays federal employees in total compensation, and more than 2 times the total compensation paid in the private sector for comparable services.

- a. What do you plan to do to determine whether agencies are indeed paying more than they should for comparable work performed by federal employees?

*I know that the Departments of Defense and Homeland Security have developed guidance to compare the cost of contract performance to the cost of Federal employee performance to identify the most cost-effective source. If confirmed, I would work closely with these agencies to understand their experiences to date and use that to shape appropriate government-wide guidance built around the two main principles previously established by OMB, namely that comparisons must (1) address the full cost of government and private sector performance and (2) compare like costs.*

- b. What cost elements do you think are relevant in understanding whether contractors are paid "too much?"

*To understand the relative cost of contractors to government performance, the agency must compare the full costs of performance by both sectors. For the Government, this includes elements such as labor costs (salary and benefits), overhead, and material and supply costs. Contractor performance might be based on information such as current contracted costs, a contract offer, or historical prices paid. Costs must be evaluated in the context of a specific requirement or statement of work to allow for a full "apples to apples" comparison.*

- c. How would you respond to criticism that the report by POGO offers an apples to oranges comparison and fails to include long-term costs to the government?

*If confirmed, I would review POGO's report in greater detail; however, a simple comparison of labor costs, by itself, likely will not help an agency determine which sector will provide more cost-effective performance. The comparison of costs should take into account full costs, and be made in the context of a specific task so that there can be a like comparison against the same requirement. Looking at a specific task will help the agency consider other factors that may affect whether insourcing is likely to be a viable alternative, such as whether the requirements tend to be managed best through an employer-employee relationship, whether the agency has recent experience performing the work, and whether the requirement is addressing a long-term need. If the requirement is short-term in nature and the agency currently lacks in-house capacity to perform the work, it might be costly for the agency to address the need through long-term, in-house hiring.*

- d. The discussion of insourcing in OFPP's Policy Letter 11-01 of September 12, 2012 focuses primarily on situations where outsourced work is inherently governmental, or where the agency is at risk of losing control of its mission and operations. The Policy Letter acknowledges, though, that cost may also be a basis for insourcing and stated that "OFPP agrees that additional guidance in this area may be beneficial, and is reviewing the need for such guidance...." Do you intend to issue additional guidance related to comparing contractor costs to federal employee costs?

*If confirmed, I would work closely with agencies that have already developed agency-level guidance for conducting cost comparisons to understand their experiences to date and use that to shape appropriate government-wide guidance built around the two main principles previously established by OMB, namely that comparisons must (1) address the full cost of government and private sector performance and (2) compare like costs.*

- 26. Under OMB's Circular A-76, commercial-type functions are competed between public and private sources in a process commonly referred to as "competitive sourcing." Congress, though, has imposed a moratorium on the use of A-76 by both the DOD and civilian agencies.

- a. Under what circumstances do you think A-76 competitions should be allowed to resume?

*I am not sufficiently familiar with the details of the concerns that led to the moratorium on public-private competition to articulate specific conditions for lifting the moratorium. However, if confirmed, I would want to conduct outreach with Congress, GAO, agencies, industry, employee unions and any other stakeholders to understand the concerns that led to the moratorium and their thoughts on how to address these problems.*

- b. The Committee hears complaints from both federal employees and contractors about the fairness of the A-76 process. In addition, GAO has reported that cost estimates under A-76 reviews have not been reliable.<sup>4</sup> What reforms to the process do you think should be enacted?

*I am not sufficiently familiar with the details of complaints directed to the Committee or GAO's report to speak in specifics, but, as a general principle, I would want to ensure that any policies involving public-private competition create a level playing field that is fair to both sides. This includes costing principles that allow agencies to address the full cost of government and private sector performance and compare like costs.*

27. Increased reliance on contractors across the federal government has substantially raised the risks of both organizational and personal conflicts of interest. Do you have specific suggestions for improving agency methods for preventing and mitigating conflicts of interest?

*The integrity of the Federal acquisition process depends, in part, on the ability of agencies to identify and proactively address circumstances in which a government contractor may be unable to render impartial assistance or advice to the government, or might have an unfair competitive advantage. For this reason, I appreciate the importance that Congress and the Administration have placed on evaluating and improving conflict of interest rules – both for organizational and personal conflicts of interest – as these rules are necessary to help agencies in assessing and addressing these potential risks. I am not familiar with the details of the various ongoing actions to offer specific suggestions at this time. If confirmed, I will work with agencies and other interested stakeholders to ensure our policies and practices in this area are clear, reasonable, and effective.*

- a. On April 26, 2011, the FAR Council released a proposed rule on organizational conflicts of interest (OCI). The FAR Council specifically asked for public comment on the OCI framework in the April 26 proposed rule and the framework in a proposed DFARS rule (2009-D015). What is your view of the merits of these two frameworks?

*My understanding of the frameworks is that both are designed to provide a more defined set of tools than currently exists to effectively address risk and protect the taxpayers' interests. Given the increased potential for conflict of interests to arise as more of our contracted work involves services, I support efforts to bring greater clarity and give our workforce better tools for dealing with these situations when they arise.*

<sup>4</sup> GAO, *Better Cost Assessments and Departmentwide Performance Tracking Are Needed to Effectively Manage Competitive Sourcing Program*, GAO-09-14 (Washington, D.C.: November 2008).  
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- b. It has been almost a year since the proposed FAR rule was released and OCI guidance has largely been unchanged since 1984 (notwithstanding the proliferation of OCI case law). What do you plan to do to address the need for more guidance on OCIs given the significant changes in industry and increasing use of service contracts?

*If confirmed, as a first step, I will work closely with the FAR Council as they complete their deliberations and issue a final rule. I will also work with FAI and DAU to discuss the development and deployment of training to ensure the acquisition workforce has the training and background it needs to understand and take advantage of regulatory changes.*

#### *Competition*

28. Over the past several years, a number of concerns have arisen pertaining to the adequacy of competition for government contracts.

- a. In your view, do we have enough robust competition in federal contracting?

*Competition is the cornerstone of our acquisition system. It is a critical tool for helping agencies achieve the best return for every taxpayer dollar and we must continually strive to maximize the effective use of competition. I have learned from my years at SBA building up small business participation in Federal contracting that the attainment of robust competition requires ongoing attention – including a strong understanding of the marketplace, outreach to potential sources, and sound application of good contracting practices. I commend the Administration for tracking agencies' use of competition and ensuring Federal contracting managers are properly focused on this issue. I am especially pleased to see the Administration shining a light not only on sole source contracting, where no competition is sought, but also on "one-bid" contracting, where competition is sought but only one bidder responds. Either situation carries the risk of overspending and deserves agencies' ongoing attention as stewards of the taxpayer.*

- b. If not, what steps would you take as Administrator to improve the level and effectiveness of competition?

*It is essential to continually review non-competitive and one-bid actions for any missed opportunities to generate marketplace interest in Federal work. This includes, for example, making sure that requirements are clear and shaped in ways that more closely reflect how work is performed commercially, and making sure*

*offerors have sufficient time to perform due diligence and develop competitive offers. If confirmed as Administrator, I will want to work with interested stakeholders to discuss current competition guidance, especially on the handling of competitions receiving only one bid, to determine what additional guidance might be beneficial to build on progress made to date.*

29. In recent years, GAO, the Commission on Wartime Contracting in Iraq and Afghanistan, and others have raised a concern over solicitations that receive only one bid. Even though these solicitations may have been conducted under “full and open” competitive procedures, they may nonetheless raise a concern about a lack of competition. What policies would you promote to evaluate circumstances that lead to only one offer and to increase the likelihood that multiple offers will be submitted?

*I commend the Administration, Congress, GAO, the Commission on Wartime Contracting, and others for their focus on reducing “one-bid” competitions. Competitions that yield only one offer deprive agencies of the full benefits of competition, including the ability to consider alternative solutions to meet the government’s needs. If confirmed, I will want to study this important matter more carefully in close consultation with CAOs, SPEs, and agency competition advocates for their views. That said, I would note from my days at SBA that a number of best practices for attracting small businesses to the Federal marketplace can also help to minimize one-bid competitions, such as:*

- *Encouraging long-time subcontractors—who in many cases are small businesses—to consider competing as prime contractors;*
- *Breaking out pieces of requirements that are most likely to attract additional bidders;*
- *Restructuring requirements in ways that more closely reflect how work is performed commercially; and*
- *Reaching out to vendors who expressed an interest in the procurement but did not submit offers to understand why they did not participate, and adjust the solicitation for the instant procurement, future procurements, or both.*

30. Under a “reverse auction” process, an agency identifies a need and holds an auction period – typically on-line – during which bidders have an opportunity to best competing offers. Data from several large agencies that have used reverse auctions suggest that they have saved 10% when using reverse auctions over traditional procurement methods. Recently, though, the Department of Veterans Affairs temporarily halted use of reverse auctions pending a review of whether they had been used appropriately. Do you think OFPP should issue guidance to agencies on proper use of reverse auctions, and the circumstances in which they are most likely to result in significant savings?

*While I am not familiar with the details of why the Department of Veterans Affairs temporarily halted its use of reverse auctions, as a general matter, I support agency efforts to continually evaluate their acquisition practices and make adjustments based on experience and best demonstrated practices. Reverse auctioning, like most acquisition authorities, is not one-size-fits all; rather it is a tool that is likely to work better in some situations than in others. If confirmed, I would want to confer with agencies, including those that have successfully used reverse auctions and those that may have experienced challenges, to evaluate if appropriate government-wide guidance would be helpful to better understand the circumstances in which this tool is most likely to generate savings.*

#### *Strategic Sourcing*

31. Strategic sourcing has been a key initiative of OMB for many years. As stated in an OMB memorandum of May 20, 2005, strategic sourcing "...is the collaborative and structured process of critically analyzing an organization's spending and using this information to make business decisions about acquiring commodities and services more efficiently and effectively." In 2010, GSA established a new office supplies sourcing initiative with 15 vendors, and is planning additional strategic sourcing initiatives, including one for wireless communications. In December 2011, GAO released a report<sup>5</sup> which assessed a 2010 GSA study on cost savings through the office supplies strategic sourcing initiative. GAO found that GSA's office supplies pricing study had limitations but the initiative showed potential for savings.

- a. What lessons do you draw from the office products initiative that could be applied to other strategic sourcing initiatives?

*The office supplies initiative is a positive example of how the government can leverage its purchasing power, reduce costs, and support small businesses. If confirmed, I look forward to working with GSA and other agencies to lead similar efforts in the future. I can draw on my previous experience as a consultant working on strategic sourcing efforts for large corporations to offer a number of common lessons learned:*

- *Organizational commitment to reducing duplication and saving money is critical, and the leadership must communicate this down the chain. Obtaining up-front commitments to use strategic sourcing solutions can help attract more aggressive responses from vendors.*
- *Working with industry during requirements development is important to getting the solicitation right. Promoting early and productive vendor communications*

<sup>5</sup> GAO, Office Supplies Pricing Study Had Limitations, but New Initiative Shows Potential for Savings, GAO -12-178 (Washington, D.C.: December 2011).  
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*will help ensure that needs is expressed appropriately and that the business strategy works for both sides.*

- *Collecting sales and usage information throughout the life of the contract is imperative in managing the commodity consumption, improving buyer behavior, and keeping an eye on prices.*

- b. What metrics should GSA employ to determine cost savings for strategic sourcing initiatives?

*Savings from strategic sourcing can come from a number of areas – reductions in unit prices, administrative cost avoidance, reduced demand, and other behavioral changes to buying and using goods and services. While baseline calculations can be complex and savings methodologies may vary depending on the commodity, the basic metric that GSA, or any other agency, should generally use to determine cost savings from strategic sourcing is the difference between what the agency paid using the strategic sourcing vehicle compared to what it would have paid if the strategic sourcing vehicle were not available.*

- c. Small businesses often express a concern that strategic sourcing will decrease their business opportunities with the government. Do you think there is an inherent tension between the government's goal of leveraging its buying power and its goal of increasing small business participation in the federal market? If so, how do you resolve that tension? By way of example, would encouraging small business teaming arrangements with office products BPA holders address this tension?

*From my experience at SBA, I know that this Administration is committed to increasing Federal contracting opportunities for small businesses. Additionally, in light of reduced budgets, agencies are looking for ways to reduce costs in order to meet their mission needs. Strategic sourcing can help agencies meet both of these goals. For example, I understand that all Federal Strategic Sourcing Initiative (FSSI) efforts prioritize small business participation and that since the office supplies strategic sourcing initiative was launched, 76% of the total spending through the strategic sourcing initiative has gone to small business vendors. Encouraging small businesses to team with existing office supply BPA holders could increase participation in the Federal market and provide small businesses with important strategic sourcing experience. If confirmed, I would continue to make small business considerations a priority for all FSSI and agency strategic sourcing initiatives to the maximum extent possible.*

- d. How would you assess whether agencies are effectively using strategic sourcing?

*I have led several strategic sourcing efforts in the private sector and know that effective strategic sourcing drives changes to buying behavior and improvements to demand management, in addition to getting price reductions based on volume. For example, strategic sourcing vehicles for delivery services should also provide sufficient usage data to show where organizations are over-reliant on overnight shipping so that new policies can be implemented to stop wasteful practices.*

*I understand that OFPP addresses strategic sourcing in their periodic Acquisition Status (AcqStat) meetings with agencies, and that agency senior leadership is often provided information about their organization's adoption of certain strategic sourcing vehicles, buying behavior, and other information. Additionally, I understand the CAOC Strategic Sourcing Working Group reviews agency FSSI usage and actively seeks new agency partners to join or lead similar initiatives.*

*If confirmed, I intend to make strategic sourcing and other buying smarter initiatives a top priority.*

#### *Procurement Regulations*

32. Beginning with major acquisition reform efforts in the 1990s, Congress and the Executive Branch have made a concerted effort to simplify procurement regulations and encourage agency officials to use more business judgment. However, some in the procurement community question whether the government has gone too far and has reduced accountability and transparency in federal contracting, while others believe even more flexibility is needed.
- a. In your view, where do we stand on that continuum?

*My overall sense is that the work currently being done within the Federal acquisition community is helping to maintain a reasonable balance between flexibility, accountability, and transparency, but there is work to be done on all three fronts. The community must continually monitor its practices to watch for imbalances and be prepared to act when an imbalance is identified. In many cases, the challenge may lie more in the management of a particular authority than in the authority itself.*

*For example, Congress took a number of actions in the 1990s to facilitate the more efficient use of competition by authorizing the award of indefinite-delivery indefinite-quantity contracts to multiple contractors who then compete with one another through streamlined competition for orders as needs arise. Over the years, numerous GAO and IG reports documented inconsistent and inadequate use of competition at the order level but still recognized the efficiencies that multiple award contracts offer agencies when used properly. Efforts in recent years to strengthen competition rules -- including greater transparency in reporting noncompetitive awards -- should help ensure that agencies continue to enjoy the benefits of*

*streamlining and taxpayers reap the benefits of more accountable and fiscally responsible decision-making.*

b. What direction do we need to move toward?

*We should build on the successes we have had in streamlining the acquisition process while being careful to ensure that the principles of competition and transparency remain a high priority. With respect to transparency, in particular, I am pleased by the efforts OFPP has taken in recent years to establish processes for regular agency data validation. We must maintain this focus on improved data to drive better data transparency and support better decision making. In addition, we need to keep a watchful eye for areas where rules or practices are not achieving their intended purpose. For example, we must redouble our efforts to ensure that meaningful past performance information is being documented and shared so that the intended benefit of motivating and rewarding good performance is fully realized.*

*Similarly, we must make sure agencies have effective suspension and debarment programs so they have the ability to consider use of these tools when necessary to protect the government's interests.*

*We must be more mindful of the overall complexity of the acquisition system, and of the burdens and associated costs that such complexity places on our contracting officers and our contractors, then work to implement opportunities to reduce that complexity. One way to do this is by encouraging greater use of interagency acquisitions to reduce duplicative contracting. Another is by taking greater advantage of new and developing technologies that allow us to further streamline and modernize our procurement system as well as improve access to and integrity of procurement data.*

c. What role would OFPP take in this regard if you are confirmed?

*OFPP plays a key role in all of these efforts and, if confirmed, I would be excited to lead it in that role.*

33. The rule-making process for procurement regulations can take years to implement laws passed by Congress. If confirmed, what will you do in your role as OFPP Administrator to manage the rule-making process to ensure rules are drafted, developed, and vetted in a timely manner?

*Clear, effective, and timely promulgated rules are an important component of our procurement system. It is my understanding that the FAR Council conducted a comprehensive review of its rulemaking process last year and made a number of changes as a result of this review to improve its processes. I am not familiar with all the details, but I understand improvements included an increase in the number of FAR drafting teams*

*and clarification of the roles and responsibilities of case managers and chairs of the FAR Teams. If confirmed, as FAR Council chair, I plan to review progress on the implementation of the new improvements and to build on these improvements, such as by making sure that there is sufficient agency support for each of the FAR drafting teams.*

#### *Contingency Contracts*

34. Last year the Commission on Wartime Contracting in Iraq and Afghanistan offered a number of recommendations intended to reduce contracting waste, fraud and abuse in contingency situations.

- a. What are your observations on the Commission's recommendations?

*The Commission focused on a number of issues that are critical to reducing fraud, waste, and abuse, such as expanding competition, improving the use of contractor performance data, and strengthening the suspension and debarment process. These have appropriately been focus areas for OFPP in recent years and would continue to be given priority attention if I am confirmed as Administrator.*

- b. What should be the role of the OFPP Administrator in responding to the Commission's recommendations?

*If confirmed as Administrator, I would want to work closely with the Chief Acquisition Officers, Senior Procurement Executives, and other interested stakeholders (such as the agency suspension and debarment officials on the recommendations regarding suspension and debarment) at agencies that have had significant responsibilities for contingency contracting in Iraq and Afghanistan, including the Departments of Defense and State and the United States Agency for International Development, to understand their perspectives on the contracting recommendations and the opportunities they provide for improvement. As noted above, the overarching acquisition issues are ones that I have significant interest in, and I would expect to give appropriate attention to each of these general issue areas.*

#### *Suspension and Debarment*

35. Suspension and debarment procedures are powerful tools for protecting the interests of the government. However, agencies often fail to use these tools effectively. For example, GAO reported to the Committee that over the period of FY2006 through FY2010, almost 70% of agencies had 20 or fewer suspensions or debarments. Over that same period, the Departments of Health and Human Services, Commerce, Labor, Education, and Housing and Urban Development, as well as the Federal Emergency Management Agency, had taken no suspension or debarment actions. Other agencies, including the Air Force and the Department of Interior, have robust suspension and debarment practices.

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- a. In your opinion, why are some agencies reluctant to suspend or debar contractors who have performed poorly or have engaged in fraud or other activity that puts the government at risk?

*I believe GAO's conclusions and OMB's guidance from last fall explain the problem well: a number of agencies have failed to maintain the basic program capabilities required to suspend or debar non-responsible contractors and grantees. These capabilities include dedicated staff resources and effective internal policies to ensure suspension and debarment are being considered and used effectively, whenever appropriate, to protect the Government's interests.*

*While I was at SBA, I was able to see first-hand how these capabilities can make a tremendous difference between a program that is ineffective and one that is effective. Over the last several years, SBA has devoted greater staff resources and employee training to enable the consideration and use of suspension and debarment when necessary. This ability has helped SBA to better protect its small business programs from waste, fraud, and abuse, and sent a strong and important message that SBA is committed to removing bad actors from its small business programs so that the benefits of these programs go to the intended communities.*

- b. Is the fact that agencies do not consider using the suspension and debarment toolbox more often attributable to a lack of training and/or resources?

*I have not studied this issue closely enough across the Government to answer with certainty, but my general understanding is that both of these factors as well as others (e.g., lack of internal policies) may contribute to whether or not an agency adequately considers suspension and debarment. At SBA, greater staff resources and employee training both contributed to strengthening the suspension and debarment function.*

- c. Do you think current suspension and debarment rules are adequate, or would you recommend regulatory or legislative changes to increase their effectiveness?

*Based on my experience at SBA, I believe the basic policies laid out in the Federal Acquisition Regulation (FAR) governing suspension and debarment are sound. These policies appropriately vest agencies with the discretion to decide if suspension and debarment are necessary and appropriate and allow the agency's suspending and debarring official to consider mitigating circumstances. This encourages contractors to change their business processes to prevent future misconduct. The FAR also provides for administrative due process – that is, notice and an opportunity to respond – which promotes fairness in the acquisition system. If confirmed as Administrator, I will work closely with the Interagency Suspension and Debarment Committee (ISDC) to discuss agency experiences and whether any statutory or*

*regulatory changes might help to further strengthen these important tools.*

- d. Are there procedural barriers that can be lowered or incentives that might be put in place to encourage agencies to more often consider the suspension and debarment toolbox?

*While I am always open to new ideas and plan to keep a watchful eye on policies and procedures in this area if confirmed, my sense is that the basic regulatory structure is sound. Ensuring meaningful consideration of suspension and debarment is, at root, a management challenge. As OMB's guidance appropriately states, agencies must make sure they have taken the basic steps required to have a viable program (e.g., accountable official, appropriate resources, internal procedures, adequate training, etc.) and actively participate on the ISDC, which provides an important inter-agency support structure.*

- e. What role should the Administrator of OFPP play in encouraging appropriate use of suspensions and debarments?

*I think the messages and actions identified in OMB's November 15, 2011 memorandum are illustrative of the role OFPP should play. In particular, OFPP should (1) reinforce the importance of the suspension and debarment remedy, (2) make sure underlying Government wide policies and regulations are clear, (3) work with agencies and the Resource Management Offices within OMB to ensure accountable officials are in place to build and/or maintain an effective program that can protect the Government's interests, and (4) provide the Interagency Suspension and Debarment Committee (ISDC), with the backing it needs to serve as a support structure to help agencies implement their debarment and suspension programs. If confirmed as Administrator, I will undertake these efforts in partnership with OMB's Office of Federal Financial Management, which oversees policies associated with the suspension and debarment of grantees.*

- f. How do you recommend improving the communications between agency Suspension and Debarment Officers and Inspector Generals?

*If confirmed, I intend to discuss the matter of improved communications with the ISDC and the Council of the Inspectors General on Integrity and Efficiency (CIGIE). At SBA, the Office of Inspector General plays a critical role in the recently strengthened suspension and debarment process and active communication between the OIG and the Suspending and Debarring Official has been key to the effective consideration of these tools. While I am not familiar with the details, I understand that CIGIE's Suspension and Debarment Working Group issued a report last fall to raise the profile of these tools. If confirmed, I plan to discuss the report's*

*recommendations with the ISDC and the CIGIE Working Group.*

36. The Interagency Suspension and Debarment Committee (ISDC), created by Executive Order in 1986, is responsible for Government wide suspension and debarment oversight. Section 873 of the Duncan Hunter National Defense Authorization Act of 2009 (P.L. 110-417) specified a number of functions for the ISDC to perform: resolving lead agency responsibility among interested agencies in suspension and debarment proceedings; reporting to Congress annually on suspension and debarment activities; recommending changes to suspension and debarment rules and procedures; and encouraging and assisting agencies in achieving operational efficiencies in the Government wide suspension and debarment system. In its recent report, GAO found that the ISDC is hampered in its mission due to its reliance on agencies' participation and resources. For example, in part because it cannot compel other agencies to respond to its requests, the ISDC took almost two years to submit its first required annual report to Congress. What would you do to encourage greater agency participation in the ISDC?

*If confirmed as Administrator, I would make sure OFPP works closely with the Chair and Vice Chair of the ISDC to support their activities and make clear to agencies that active participation in the ISDC is an OFPP priority. I understand that most, if not all, CFO-Act agencies are now participating on the ISDC and the ISDC has created new subcommittees -- including one to look at how training can be improved and one to improve the tracking and reporting of suspension and debarment activities to the Hill. I think these are steps in the right direction and if confirmed, I would continue to build on and reinforce this positive momentum.*

37. On November 15, 2011, then OMB Director Lew issued a memorandum to the heads of executive departments and agencies directing them to take a number of specific steps to ensure the adequacy of suspension and debarment programs, including the appointment of a senior accountable official at each department and agency who would be responsible for reviewing suspension and debarment programs, maintaining effective internal controls and ensuring participation in the ISDC. The memorandum further directs the heads of departments and agencies to ensure that suspension and debarment is used to protect the Government's interests, to ensure that procedures are in place to prevent awards from being made to suspended or debarred parties, and to take prompt corrective action if an award is made to a suspended or debarred party. What are your plans for following up to ensure that agencies have implemented the directives of this memorandum, and how will you measure how well agencies are complying with these directives?

*I understand the ISDC, as part of its reporting responsibilities, has requested information from agencies so that it can gauge where agencies are in implementing the requirements of OMB's memorandum. If confirmed as Administrator, I would want to review these responses and reach out to agencies whose responses do not indicate that action has been, or is being, taken. I would also want to discuss with agency Chief Acquisition Officers and Senior Procurement Executives and Suspending and Debarment Officials*

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*how best to measure progress and whether there are opportunities to further strengthen the ties between these functions.*

#### *Purchase Cards*

38. Use of government purchase cards for procurement purposes has increased dramatically over the last several years. In August 2005, OMB issued Annex B to OMB Circular A-123 to require agencies to maintain internal controls that reduce the risk of fraud, waste, and error in the government charge card programs. Yet GAO audits of purchase card controls continue to identify ineffective management oversight and weak internal controls over purchase cards, leaving agencies vulnerable to fraudulent, improper, and abusive purchase card activity. In response to these findings, S. 300, the Government Charge Card Abuse Prevention Act of 2011, which was passed by the Senate on July 22, 2011, proposes additional safeguards to prevent misuse of purchase cards. What additional measures do you believe OFPP should take to prevent the misuse of purchase cards?

*Ensuring that agencies have strong internal controls over their purchase card programs is critical to effectively managing the use of this important tool. I understand that OFPP works closely with OMB's Office of Federal Financial Management to provide direction and guidance to both the financial management and acquisition community. If confirmed, I would work with the Controller to explore additional measures that could be taken to prevent the misuse of purchase cards, such as promoting greater communication and collaboration, to the extent needed, between agency Chief Financial Officers and Chief Acquisition Officers to improve agency programs.*

#### *Integrated Acquisition Environment – System for Award Management*

39. On March 15<sup>th</sup>, GAO issued a report<sup>6</sup> calling for a reassessment of the General Service Administration's (GSA) efforts to consolidate numerous disparate acquisition and procurement databases into a single System for Award Management (SAM). The report finds that while there has been progress and the first phase is scheduled for completion in May 2012, the operational costs have increased while budget constraints have caused a shortage in funding, delaying the development schedule. While this is a GSA program, the systems it seeks to consolidate are crucial to governmentwide acquisition management. What role, if any, should the OFPP Administrator play in making sure the consolidation effort remains on track?

*The modernization of our acquisition systems is absolutely critical to ensuring that 1) contracting officers and other acquisition officials have the information they need to make effective award decisions, and 2) the public has access to information about how their taxpayer dollars are being spent. I understand that the Chief Acquisition Officers*

<sup>6</sup> GAO, *Effort to Consolidate Governmentwide Acquisition Data Systems Should Be Reassessed*, GAO-12-429 (Washington, D.C.: March 2012).  
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*Council (CAOC) and its Acquisition Committee for E-Government (ACE) play key roles in supporting GSA as they make important changes to these systems. If confirmed, I intend to continue working very closely with the CAOC, the ACE, and GSA to make sure these modernization efforts are on track to provide the community the information and data they need. Due to the urgent need for improvements to these systems, I would make this effort a high priority.*

*Small Business Contracting*

40. While numerous government agencies in 2010 met their agreed upon small business contracting goals, the government as a whole again fell short of their goal of giving 23% of prime contract dollars to small businesses.

- a. Do you feel that the 23% goal is appropriate?

*I believe that any goal or metric should be determined using a data-driven, fact-based approach. Given that the Government has made significant progress towards achieving the 23% small business goal, but has not consistently exceeded this threshold, it is likely about right. Whatever the quantified goal, we must strive to maximize the utilization of small business contractors. I would not view 23% as a ceiling, but rather as a floor for excellent utilization of small business contractors.*

*It is also important to note that one size does not fit all when it comes to small business goal setting. Each agency has a different level of maximum practicable utilization based on its individual agency spend base. While working as the Associate Administrator for Government Contracting and Business Development at the Small Business Administration (SBA), we took an analytical approach and completed an extensive spend analysis in order to determine each Agency's small business contracting goals. I would think that any Government wide goal should use a similar approach.*

- b. In your view, why does the government consistently fail to meet this mark?

*Reasons for not attaining the small business Government wide contracting goals are complex. Agencies must worry about meeting their mission in a timely fashion while considering socio-economic goals, attaining savings, and reducing risk with a strained workforce in need of resources. At SBA, we worked very hard to address both the supply and demand sides of this equation and I would plan to continue this effort at OFPP, if confirmed.*

- c. What would you recommend the government do to increase small business participation?

*As a first step, if confirmed, I will work closely with SBA and members of the Federal Acquisition Regulatory Council to complete implementation of the acquisition-related provisions of the Small Business Jobs Act. These provisions address a number of key areas where utilization of small business contractors can be significantly increased. For example, one provision addresses the practice of reserving awards and setting aside orders in connection with multiple award contracts. Significant opportunities exist to increase small business participation on these vehicles and clear guidance to the field on the use of set-asides – the most powerful small business contracting tool – and reserves is critical to unlocking these opportunities. Implementation of other provisions of the Small Business Jobs Act, such as those strengthening requirements in connection with the use of small businesses as subcontractors, and those requiring guidance on contract consolidation, will further expand opportunities for small businesses in the Federal marketplace.*

*During my tenure at SBA, I worked to develop a close partnership with OFPP and the acquisition community – which included the first joint session of the Chief Acquisition Officers Council and the Small Business Procurement Advisory Committee. If confirmed, I intend to further strengthen this collaboration as it provides a critical foundation for the types of operational activities that are most conducive to building the small business contracting base – including outreach, training (both for the acquisition workforce and contractors), and improved access to information.*

41. GAO has issued a number of reports which focus on fraud in small business contracting programs. These reports have cited the need for better controls in almost all small business contracting programs, including the 8(a), Service-Disabled Veteran-Owned Small Business Program and HUBZone Program. What needs to be done to ensure that contracts intended for certain subsets of small businesses are not awarded to those who do not qualify?

*It is a top priority to ensure that the benefits of the small business socio-economic contracting programs flow to the intended recipients. Fraud, waste and abuse will not be tolerated.*

*While I was the Associate Administrator for Government Contracting at the Small Business Administration (SBA), SBA implemented a comprehensive three-pronged strategy to identify, prevent, and pursue non-compliance or fraud across all Government contracting programs: effective certification processes, continued surveillance and monitoring, and robust and timely enforcement. The first prong is designed to ensure there are effective certification processes that provide clear and comprehensive eligibility screening on the front-end to make sure only qualified, eligible firms participate in these programs. The second prong of the strategy is conducting continued surveillance and monitoring once a firm is in one of these programs. Only those firms entitled to benefit from SBA's programs should remain in them. The last prong of the strategy is taking robust and timely enforcement on any non-compliant or fraudulent firms. SBA's*

*programs must be reserved for those who are – and who remain – eligible. There are a range of enforcement tools to use when a firm is identified as ineligible to participate in these programs.*

*During my time at SBA, over 4,000 firms were removed from the HUBZone program, over 1,000 firms from the 8(a) program, and over 50 firms from the SDVOSB program. During that time, SBA also suspended or proposed for debarment over 20 firms and individuals involved in procurement misconduct.*

*If confirmed, I will continue to support SBA in its efforts to prevent fraud, waste, and abuse.*

#### *Chief Acquisition Officers*

42. The Services Acquisition Reform Act of 2003 (SARA) created the position of a Chief Acquisition Officer (CAO) in 16 of the 24 Chief Financial Officer Act agencies to advise and assist the agency head to ensure that the agency's mission is achieved through the management of its acquisition activities. If confirmed, what would you do to support the CAO role and ensure this position is being filled and has acquisition management as their primary duty?

*Agency Chief Acquisition Officers (CAOs) and Senior Procurement Executives (SPEs) play critical and unique roles in improving acquisition management, and I understand that OFPP works closely with these leaders as they develop policy, implement management initiatives, and track progress on important goals. As policy officials, CAOs can promote better integration and elevation of the acquisition function in the agency's management structure and better communication among senior management leaders, such as CFOs and CIOs. SPEs generally provide the daily, tactical management of acquisitions and can provide OFPP useful feedback on how proposed policies might affect their operations and how current initiatives could be improved. CAOs and SPEs provide invaluable feedback and, if confirmed, I would leverage my leadership position on the CAO Council to support these senior leaders and ensure that acquisition management is a priority for all agencies.*

#### *Information Technology Supply Chain Security*

43. GAO recently released a report entitled, "National Security-Related Agencies Need to Better Address Risks."<sup>7</sup> GAO found "reliance on a global supply chain introduces multiple risks to federal information systems" that may be exploited by multiple actors at various points in the supply chain.

<sup>7</sup> GAO, *National Security-Related Agencies Need to Better Address Risks*, GAO-12-361 (Washington, D.C.: March 2012).

- a. If confirmed, how would you as OFPP Administrator address the IT supply chain security risks in federal procurement?

*If confirmed, I would want to study the GAO report it more carefully. However, I recognize that as the complexity of products increases, the supply chain necessary to support those products also increases, often exponentially. We must address not only security risks, but also the possibility of counterfeit or other falsely-identified and substandard parts finding their way into the supply chain. Since implementing additional measures to track or monitor supply lines will necessarily increase costs, I think it is important that efforts in this area be risk-based – focusing our resources on areas most susceptible to risk, and where the most harm would be done. Additionally, this is an area where working with vendors and other stakeholders is essential.*

- b. What is the role of the OFPP Administrator in addressing this complex problem?

*As in many areas, the role of the OFPP Administrator is to lead meaningful change and to ensure meaningful input from stakeholders, both within and outside Government, all of whom play a role in protecting the supply lines that support Government programs. Independent of the Government's interest in managing and mitigating this risk, contractors will have a strong incentive to root out threats to their own supply chains, which is why their input and our working together with them may be especially helpful in crafting policies and practices that effectively address the challenges in this area.*

- c. How does the federal government best leverage the buying power of the federal government to address this problem?

*This is an issue that I will need to study more carefully, if confirmed. As a general matter, I believe that our vendors share our concern about the safety and security of their supply chains, and will be eager to work with us. While I intend to approach this with an open mind and consider all sides, my initial sense is that unilateral Government action could leave us with more expensive, less effective solutions, so we must find a way to effectively engage our stakeholders in coming up with cost-effective solutions. In addition, we must ensure that processes and incentives are appropriately aligned; for instance, a requirement to report supply chain risks will be less effective if companies are more concerned about the consequences of that report, in terms of how they will be treated by the Government, than they are on addressing the underlying issue.*

#### **IV. Relations with Congress**

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44. Do you agree without reservation to respond to any reasonable summons to appear and testify before any duly constituted committee of the Congress if you are confirmed?

Yes.

45. Do you agree without reservation to reply to any reasonable request for information from any duly constituted committee of the Congress if you are confirmed?

Yes.

**V. Assistance**

Are these answers your own? Have you consulted with OMB or any interested parties? If so, please indicate which entities.

*Although I have consulted with OMB for advice and to ensure that my answers were factually-accurate, the answers here set out my views and I take sole responsibility for them.*

**AFFIDAVIT**

I, JOSEPH G. JORDAN, being duly sworn, hereby state that I have read and signed the foregoing Statement on Pre-hearing Questions and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

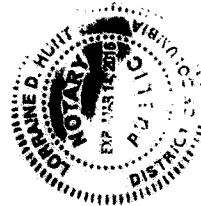
JS

Subscribed and sworn before me this 10<sup>th</sup> day of April, 2012.

Lorraine D. Hunt

Notary Public

LORRAINE D. HUNT  
Notary Public of District of Columbia  
My Commission Expires March 14, 2016



**Senator Joseph I. Lieberman**  
**Additional Questions for the Record**  
**Confirmation Hearing of Joseph Jordan**  
**May 9, 2012**

1. OFPP's responsibilities are challenging, especially as the total amount of money that we spend on contracting has skyrocketed, and as the goods and services that we buy become more and more complex. But OFPP only has a small staff of roughly 12 people. Unfortunately, given budget realities, that's unlikely to change. What are your thoughts on how OFPP can best leverage resources available at other agencies to help it carry out its mission?

*I believe focusing on key priorities, such as promoting policies and tools to encourage smarter buying, strengthening the workforce, and building relationships with the right contractors, can help OFPP and agencies meet their mission goals using fewer resources. Additionally, the office is uniquely positioned at OMB to leverage the expertise of the Chief Acquisition Officers Council, the Chief Information Officers Council, the Chief Financial Officers Council, and other cross-agency groups to expand the team's understanding of the many complex issues. This also allows OFPP to partner with these councils in the implementation of key initiatives such as strategic sourcing, shared first policies, and the reduction of management support service contracts.*

2. In your private sector experience, you have helped both companies and governments improve their supply chains. Are there practices, or trends, that you saw in the private sector that we should be importing into the government to help reduce costs and drive better performance under contract?

*Yes – there are a number of practices that I found in my previous experience as a consultant working on strategic sourcing efforts that will be helpful in guiding agencies as they seek to buy smarter:*

- *Top-level commitment - Organizational commitment to reducing duplication and saving money is critical, and the leadership must communicate this down the chain. Obtaining up-front commitments to use strategic sourcing or other solutions to buy smarter can help attract more aggressive responses from vendors and generate more momentum for the effort in the Federal workforce.*
- *Vendor engagement - Working with industry during requirements development is important to getting the solicitation right. Encouraging vendor-government communications early in the process will help ensure that the government's requirements are expressed appropriately and that the acquisition/business strategy works for both sides.*
- *Data collection and analysis - Collecting sales and usage information throughout the life of the contract is imperative in managing the commodity consumption,*

*improving buyer behavior, and keeping an eye on prices. Much of the savings that these initiatives generate come from reducing the demand or use of the commodity and changing the way users and buyers behave. For example, reducing the government's printing costs is more about changing printing behavior – promoting black and white, double-sided copies – than about reducing the cost of the printing device.*

3. Each year the government spends over \$80 billion in information technology contracts. Too often we see these contracts exceeding projected costs and going off schedule, costing taxpayers billions of dollars. The Administration's 25 Point Plan for IT Reform (issued in December 2010) called for development of a cadre of specialized IT acquisition professionals.

- a. If confirmed, how would you work with the CIO and agencies to fulfill this goal?

*I understand that OFPP worked closely with the Federal CIO and also various agencies to develop its July 2011 guidance on implementing specialized IT acquisition cadres who would be helpful in managing high risk IT acquisitions. When I read the guidance, I saw that agencies were required to analyze their current IT acquisition workforce and program needs to determine how they can buy IT better, and I understand that a number of agencies, like the Department of Veterans Affairs, are already using cadres successfully. If confirmed, I will continue to work with both OMB's Office of E-Government and Information Technology and agencies in identifying best practices in IT procurement through both their annual acquisition human capital planning efforts, which are led by OFPP, and by continuing the practice of conducting "Acquisition Status" meetings with agencies to discuss their progress in strengthening the workforce, buying smarter, and other priority procurement initiatives.*

- b. The 25 Point Plan also encouraged more modular, agile development of information technology, where large development projects are broken down into more manageable pieces to keep deliverables on shorter deadlines. This approach is designed to avoid runaway acquisitions where problems are caught too late. What role do you see OFPP playing in helping agencies work with industry to achieve more agile development of projects?

*In an agile environment, one of the expectations is frequent communication between the customer and the contractor and I will encourage agencies to share their strategies and best practices for achieving more productive dialogue with industry. In addition, I envision working closely with the Federal Chief Information Officer to build a closer partnership between IT, program, and acquisition offices, so that each understands the needs and capabilities of the other. This, in turn, should increase agencies' ability to successfully divide work into more manageable pieces. I understand that OFPP is collaborating with the Office of E-Government and Information Technology to issue guidance for modular approaches to IT investments.*

**Senator Susan Collins**  
**Additional Questions for the Record**  
**Nomination Hearing of Joseph G. Jordan**  
**May 9, 2012**

1. Like most Americans, I have been outraged by the inexcusable waste of taxpayer dollars at GSA's Western Region Conference. I am particularly concerned about the numerous violations of federal acquisition rules and policy, which I mentioned in my opening statement.

- a. What specific actions would you take to ensure systemic changes are implemented to prevent these types of contracting abuses from occurring again at GSA or any other Government agency?

*I share your outrage that taxpayer dollars were wasted. I am committed to supporting the Acting Administrator of GSA in his top-down review of the agency's policies and operations and determining what additional steps should be taken to prevent these types of contracting abuses from happening again. While I believe the Federal Acquisition Regulation is effective if it is followed, I am committed to working with Chief Acquisition Officers and others to examine potential changes to policies, training, or internal controls in order to prevent these abuses from occurring again.*

- b. What do you see as OFPP's role in preventing these types of contracting abuses?

*Through OFPP's leadership, we will continue to make strengthening the acquisition workforce a priority for all agencies to ensure our program managers who write the requirements and contracting officers who award agreements have the skills and knowledge they need to make decisions in the best interest of the taxpayer. Additionally, we have many communication channels to reach front line contracting officers to make them aware of new policies or share best practices to strengthen existing policies. I look forward to working with contracting professionals across the federal government and Congress to continue strengthening our efforts to prevent waste in federal contracting.*

2. In 2010, the Administration was considering a new acquisition policy that would have created a preference in the award of federal contracts to contractors who adopt certain labor practices above and beyond those currently required by federal labor laws. This proposal was referred to as the "High Road" labor preference policy. Under this policy, preference would have been given to contractors that, among other things, paid a living wage to their entire workforce and provided affordable healthcare and an employer-funded retirement plan. The Department of Labor would have been charged with collecting and scoring labor records for all federal government contractors, and agency



contracting officers would have been responsible for establishing a minimum acceptable labor score in the context of the evaluation process. A number of my colleagues and I wrote Administrator Karen Mills (September 23, 2010) to express our concern that the High Road plan would represent a major change in Federal procurement policy that would introduce inappropriate political and other considerations into the federal contracting process. Specifically, we said in the letter we opposed the High Road policy because it would make it more difficult for small businesses to compete for government contracts, increase the cost of federal contracts, restrict the number of bidders, and reduce competition. This policy change makes no sense in the midst of tough economic times and escalating deficits and debt.

- a. If this Administration reconsiders implementing the High Road labor preference policy, will you actively oppose such an effort?

*I am not familiar with the High Road labor preference proposal, how it would work, or its potential impact on contracting. What I can say is that I strongly support the Administration's ongoing efforts to promote competition and strong small business participation and, if confirmed, would advocate policies that further these important goals.*

3. The previous OFPP Administrator had over 20 years of experience in the federal contracting world. Do you have any experience with federal contracting besides your time at the SBA?

*In addition to my time at SBA, where for the last several years I oversaw the federal procurement programs involving small businesses and helped drive nearly \$100 billion in annual contracting dollars to these communities, I have also had the privilege to gain other valuable and pertinent experience. I have been an active member of the Chief Acquisitions Officer Council (including co-chairing the first joint session of the Chief Acquisition Officers Council and the Small Business Procurement Advisory Committee). I have also had the chance to give talks and lead discussions with key federal procurement stakeholders including the National Defense Industrial Association, Aerospace Industries Association, Women Impacting Public Policy, National Minority Supplier Development Council, Professional Services Council, and dozens of other key federal procurement stakeholders. These experiences have been invaluable in providing the necessary perspective on what the greatest federal procurement challenges currently are, and the importance of utilizing innovative solutions to solve them.*

*For the last six months I have been working as a Senior Advisor to Acting OMB Director Jeff Zients, advising him on matters of federal procurement strategy and operations. This has allowed me to learn more about the OFPP team and best practices for OMB working with agencies. I have been able to augment my years of attending the CAOC meetings by also working with the Front Line Forum to gain additional perspective on how OMB/OFPP policies translate to front line execution.*

*During all of these public sector experiences, I have greatly benefited from my years in the private sector working on very similar issues faced by corporations, state governments, and other entities. Bringing the lessons learned from advising private sector entities in areas such as managing their supply chains and procuring the goods and services needed to execute their missions has helped me drive results and will be of great benefit if I am confirmed as Administrator for Federal Procurement Policy.*

4. Based on your experience, what specific actions would you take as the OFPP Administrator to ensure the Government only does business with responsible parties?

*If confirmed, I plan to address this issue on a number of fronts. I will work with agencies to improve the collection and use of contractor past performance assessments and integrity information so that contracting officers have the information they need to make responsible award decisions. I will also work with agencies to strengthen their use of the suspension and debarment process as outlined in the OMB Director's November 2011 memorandum. I understand that OFPP is currently working with agencies and the Interagency Suspension and Debarment Committee to share best practices and improve the use of this important tool (described further below in the response to Question 5).*

5. One of the most effective tools for ensuring the Government is contracting with responsible parties is the suspension and debarment process. This Committee held a hearing in November 2011 to discuss a GAO Report that found agencies lacking several key characteristics (i.e., dedicated full time staff; detailed policies and procedures; and practices to encourage an active referral process) in their suspension and debarment program were not effectively using these tools. The day before the hearing (November 15, 2011), OMB issued guidance directing agencies to take a series of actions to improve their suspension and debarment programs.

What specific actions will you take to ensure agencies implement the OMB guidance on suspension and debarment?

*I think the actions identified in OMB's November 15, 2011 memorandum are illustrative of the role OFPP should play. In particular, OFPP should (1) reinforce the importance of the suspension and debarment remedy, (2) work with agencies and the Resource Management Offices within OMB to ensure accountable officials are in place to build and/or maintain an effective program that can protect the Government's interests, and (3) provide the Interagency Suspension and Debarment Committee (ISDC), with the backing it needs to serve as a support structure to help agencies implement their debarment and suspension programs. If confirmed as Administrator, I will undertake these efforts in partnership with OMB's Office of Federal Financial Management, which oversees policies associated with the suspension and debarment of grantees.*

**Senator Daniel K. Akaka**  
**Additional Questions for the Record**  
**Confirmation Hearing of Joseph Jordan**  
**May 9, 2012**

1. Congress established a Government-wide goal of awarding 23 percent of Federal contracting dollars to small businesses. If confirmed, what will you do as the OFPP Administrator to ensure that agencies are aware of and meeting these small-business contracting goals?

*As I said in my testimony, I am committed to supporting small business contracting and I believe we must strive to maximize the utilization of small business contractors.*

*As a first step, if confirmed, I will work closely with SBA and members of the Federal Acquisition Regulatory Council to complete implementation of the acquisition-related provisions of the Small Business Jobs Act. These provisions address a number of key areas where utilization of small business contractors can be significantly increased. For example, one provision that I noted in my testimony (Section 1331) addresses the practice of reserving awards and setting aside orders in connection with multiple award contracts. Significant opportunities exist to increase small business participation on these vehicles and clear guidance to the field on the use of set-asides – the most powerful small business contracting tool – and reserves is critical to unlocking these opportunities. Implementation of other provisions of the Small Business Jobs Act, such as those strengthening requirements in connection with the use of small businesses as subcontractors, and those requiring guidance on contract consolidation, will further expand opportunities for small businesses in the Federal marketplace.*

*During my tenure at SBA, I worked to develop a close partnership with OFPP and the acquisition community – which included the first joint session of the Chief Acquisition Officers Council and the Small Business Procurement Advisory Committee. If confirmed, I intend to further strengthen this collaboration as it provides a critical foundation for the types of operational activities that are most conducive to building the small business contracting base – including outreach, training (both for the acquisition workforce and contractors), and improved access to information.*

2. OFPP's Policy Letter 11-01 states in part that when deciding whether cost is a sufficient basis for insourcing certain work, agencies' cost analysis should address the "full costs" of public and private sector performance and a comparison of "like costs." However, neither term is defined.
  - a. Do you believe that a uniform method of calculating the cost of contractor employees and Federal employees would be useful and practical to create?

*I believe that trying to bring more uniformity to this system could be helpful. In order to ensure that additional guidance is useful and practical, it should incorporate the best practices and lessons learned from agencies that already have experience with this on an agency-wide level. For this reason, if confirmed, I intend to work closely with the Department of Defense (DoD) and the Department of Homeland Security (DHS) to understand the challenges and opportunities in developing costing methodologies.*

- b. If confirmed, do you plan to issue guidance that defines the “full costs” of performance and “like costs”?

*If confirmed, I would work closely with agencies that have already developed agency-level guidance for conducting cost comparisons to understand their experiences to date and use that to shape appropriate government-wide guidance, including management practices for identifying where analyses are likely to be most effective.*

3. Although OFFP’s Policy Letter 11-01 clarified the definition of inherently governmental functions, I remain concerned that some agencies continue to permit contract employees to perform inherently governmental work.

- a. What tools does the Administrator have to ensure agencies comply with directives issued by OFFP and do you believe they are sufficient?

*The policy letter requires that agencies designate responsible management officials to OMB by June 1, 2012. If confirmed as the Administrator, I will request periodic updates from the designated officials to make sure agencies are making reasonable progress and to identify best practices and lessons learned that can be shared across agencies.*

- b. Agencies like the Department of Defense have a cap on the size of the Federal workforce, notwithstanding the continued need to identify and insource inherently governmental work being performed by contractors. How will you ensure agency compliance with OFFP directives despite civilian personnel caps?

*I am aware of the need to balance the growth of the federal government with ensuring that inherently governmental work is only performed by government employees. If confirmed, I would work with OMB, DoD, the Office of Personnel Management, and the Chief Human Capital Officers Council to develop ways that keep our shared goals aligned with our respective policy directives. Additionally, I would partner with OMB’s Resource Management Offices – those offices responsible for working with agencies to develop and manage agencies’ budgets - to ensure that any potential concerns in this area are raised with senior OMB and agency leadership and appropriately addressed.*

**Senator John McCain**  
**Additional Questions for the Record**  
**Confirmation Hearing of Joseph Jordan**  
**May 9, 2012**

1. Two former ANC-owned business managers, fired for corruption in 2010, have alleged that in 2008 the Army Corps overpaid by \$10 million a contract with the ANC firm Suulutaaq Incorporated to relocate the Napa Valley Wine Train in California. The Corps steered the Wine Train contract to Suulutaaq because they didn't want the project delayed by the competitive bidding process. Suulutaaq managers allegedly knew they were ripping-off the government allegedly writing emails saying they expected to make "obscene profits." Do you think similar kinds of abuses and overvalued contracts were awarded during your time at SBA and will they continue to occur?

*Although I am not familiar with the details of that particular contract, any kind of fraud, waste, and abuse is unacceptable. While at SBA, my team and I worked to strengthen the regulations governing the 8(a) Business Development program to prohibit bad actors from winning Federal contracts. My focus at SBA was to be proactive and aggressive in ensuring the integrity of SBA programs and protecting the legitimate small businesses that benefit from them. Since 2009, SBA has initiated more government-wide suspension and debarment actions than it had in the previous ten years. Additionally, over the past two years, over 4,000 firms were removed from the HUBZone program, over 1,000 firms were removed from the 8(a) program, and over 50 firms were removed from the SDVOSB program, all for either non-compliance or fraud. In fiscal year 2011, we also suspended, proposed for debarment, or debarred over 30 firms and individuals involved in procurement misconduct.*

*If confirmed, I will continue to work with SBA to strengthen the 8(a) program and will work with this Committee to identify areas in which both the FAR and SBA regulations could be improved. I also plan to improve how the government develops and uses contractor past performance information to ensure that contracting officers have the information they need to make good award decisions, including information on how a company managed their costs.*

2. Clearly, ANC companies are operating as large businesses in a program intended for small businesses. GAO found several examples of this in a new report released in January entitled "Monitoring and Oversight of Tribal 8(a) Firms Need Attention" (GAO-12-84). One ANC firm -- Alutiiq Services -- promotes itself as "geographically limitless" to conduct work anywhere in the United States. Another ANC firm (Chugach Government Services in Crystal City, VA) employs over 7,000 people in 31 states. Another ANC firm (Chenega Logistics) has a business plan that lists their primary competitors as Lockheed Martin and Northrop Grumman. Do these sounds like "small businesses" to you? In your opinion, does their permanent participation in the 8(a) program correspond with the original spirit of the program?

*While I am not familiar with these companies, I am committed to ensuring that all companies – large and small – play by the rules that the government has established for participating in Federal contracting. For companies that meet the requirements, participation in the 8(a) program can help disadvantaged firms better compete in the American economy. However, to the extent that any bad actors are engaging in fraud or abuse, agencies, including SBA, must take swift action to prevent these companies from being awarded future contracts. If confirmed, I will urge SBA to build on its ongoing efforts to fight fraud and abuse and work closely with them as they examine their small business programs and associated eligibility requirements to ensure that the programs are working appropriately.*

3. As you are well aware, SBA issued new regulations in March 2011 – the first in 10 years – to crack down on fraud, waste and abuse in the 8(a) program. I remember you testified before the Senate Indian Affairs Committee last year and told me you were “proud of the direction the program was headed.” Unfortunately, GAO’s recent report uncovered problems with SBA’s new regulations. For example, although ANC firms are now required to perform at least 40% of the work in the contract, GAO says SBA has no way of knowing for sure if an ANC enters into a “joint-venture” and transfers a majority of the work to a large non-Native corporation. GAO noted that SBA has not implemented a new database needed to track contract dollars going to ANCs and their subsidiaries. Before you departed SBA, the agency had yet to update their Standard Operating Procedures for district offices to implement the new regulations.

- a. While you were at SBA, why wasn’t a new tracking database brought online and why weren’t district SOP’s updated?

*During my time at SBA, I worked with my colleagues in the program office and in our District Offices to ensure that the new regulations were understood and being deployed as effectively and efficiently as possible. The primary effort was to develop a centralized database and online tool that 8(a) firms and Business Development Specialists can use to centrally track and manage eligibility and business development data. I understand that SBA is moving forward on the new database entitled “One Track CMS” and will launch the system in March of next year.*

*One Track CMS will support Business Processes for 8(a) and HubZone Certification, 8(a) Annual Reviews, Continuing Eligibility Actions, Terminations, Bona Fide Offices, HubZone program reviews, recertifications and decertifications, Office of Hearings and Appeals protests and appeals, Size Decisions, mentor protégé programs across Business Development and HubZone, and metric development and reporting. Business Integra has partnered with Image Matters and Diamond Information Systems to build the solution for SBA. The contract Period of Performance is twelve months with a one hundred twenty day warranty period from the kick off on 1-19-12. The BI team is in the process of finalizing the requirements that will guide the software development. They have completed all of the initiation and planning for the project. In the second week of April the team will start designing the software. During this design phase many of the stakeholders that will*

*use the system like, OFO, OGC, BD, HubZone, and Size will get a chance to see portions of the system that impact them for demonstration and comment.*

*If additional guidance or amendments to the SOPs are required I would certainly work with my colleagues at SBA to ensure the 8(a) program is properly executed and overseen, if confirmed.*

b. If confirmed, what can you do to ensure this happens?

*I will work with SBA to make sure that they stay on schedule implementing this important tracking database, including achieving milestones such as: Finalize requirements for software infrastructure and data migration, data migration of existing systems (HCTS, BDMIS, Extra View, etc), transition of new system to SBA, finalization of system architecture and design, user acceptance and testing, stakeholder training and launch.*

4. GAO has called upon OMB's Office of Federal Procurement Policy – the very office you've been nominated to head – to amend Federal Acquisition Regulations to require federal agencies to closely document compliance with the new SBA regulations, including how much work is actually performed by the ANC company and their non-Native subcontractor. Do you agree with GAO's assessment and will you implement the recommended FAR revisions in a timely manner?

*Currently the Federal Acquisition Regulation (FAR) requires any contract that is set-aside for businesses participating in SBA's 8(a) business development program, including ANCs, to include a limitation on subcontracting clause (FAR 52.219-14). This clause requires the prime contractor to perform at least 50% of the cost of contract performance for services and supplies (other than from a non-manufacturer) and sets other standards for the amount of work the prime contractor must do. To strengthen accountability in this area, SBA recently sought public comment to identify ways to enforce these limitations, and after the public comment period, I will work with the SBA and the FAR Council to provide further guidance to contracting officers in this area.*

*The increased reporting required under the Federal Funding and Accountability Act (FFATA) has also afforded greater transparency in this area because contractors – including most small businesses - with awards greater than \$25,000 and gross income greater than \$300,000 must report information about their subcontracts. This information includes the name of the subcontractor as well as the amount of the subcontracts and is available on USASpending.gov.*

*SBA also must approve a joint venture agreement prior to the award of an 8(a) contract on behalf of the joint venture. If approved by SBA, a Participant may enter into a joint venture agreement with one or more other small business concerns, whether or not 8(a) Participants, for the purpose of performing one or more specific 8(a) contracts. A joint venture agreement is permissible only where an 8(a) concern lacks the necessary capacity to perform the contract on its own, and the agreement is fair and equitable and will be of substantial benefit to the 8(a) concern.*

*Every joint venture agreement to perform an 8(a) contract, including those between mentors and protégés must contain provisions that ensure that the 8(a) partner to the joint venture benefits from the relationship and the performance of work requirements for small business contracting. The requirements for percentage of work are addressed in 13 C.F.R. § 124.510 and the Joint Venture Agreements are addressed in 13 CFR § 124.513. Additionally, a new reporting requirement has been added for joint venture parties whereby SBA is provided performance data regarding the joint venture entities.*

*An 8(a) Participant to a joint venture must describe how it is meeting or has met the applicable performance of work requirements for each 8(a) contract it performs as a joint venture. As part of its annual review, the 8(a) Participant(s) to the joint venture must explain for each 8(a) contract performed during the year how the performance of work requirements are being met for the contract. At the completion of every 8(a) contract awarded to a joint venture, the 8(a) Participant(s) to the joint venture must submit a report to the local SBA district office explaining how the performance of work requirements were met for the contract.*

*Further, pursuant to the Participation Agreement signed upon acceptance into the program, a program participant must obtain SBA's prior approval of any management agreement, joint venture agreement or any other agreement relative to the performance of a section 8(a) contract. These agreements are reviewed to ensure that they do not allow non-Native partners to take advantage of tribal businesses, allowing program benefits to flow to the intended party.*

*Finally, through Partnership Agreements between SBA and Federal Agencies that enter into small business contracts with 8(a) firms there is additional monitoring for compliance.*

*In addition to the information provided above, current 8(a) BD program regulations require that, for business development purposes, a program participant must perform a certain percentage of work with its own employees. These percentages and the requirements relating to them are the same as those established for all small business set-aside prime contractors. A participant must certify in its offer that it will meet the applicable performance of work requirement. The procuring Agency contracting officer must be satisfied that the participant will meet the applicable performance of work requirement at the time of award. Compliance with this requirement is generally reviewed on a semiannual basis.*



**Senator Claire McCaskill**  
**Additional Questions for the Record**  
**Confirmation Hearing of Joseph Jordan**  
**May 9, 2012**

4. I have been hearing concerns from some small businesses in Missouri about the Federal Strategic Sourcing Initiative (FSSI). They continue to challenge the merits of FSSI and claim it is doing more harm to small businesses than it is saving taxpayer dollars. As the former Associate Administrator at SBA, did you see merit in these claims from small businesses?

*From my experience at SBA and now at OMB, I know that this Administration is committed to increasing Federal contracting opportunities for small businesses. This Administration is also committed to helping agencies buy smarter, reduce duplication, and eliminate waste in order to meet tight budget constraints. Strategic sourcing efforts, such as those through the Federal Strategic Sourcing Initiative (FSSI), can help agencies meet these goals. For example, I understand that all FSSI efforts prioritize small business participation and that since the Office Supplies 2 (OS2) strategic sourcing initiative was launched in 2010, 76% of the total spending has gone to small business vendors and these vendors are increasing their competitive position in the market. If confirmed, I will continue to make small business considerations a priority for all FSSI and agency strategic sourcing initiatives so that we can continue to support small businesses in this budget constrained environment.*

Can you tell me whether or not FSSI is really saving the government money?

*From what I have read and learned in my role as a senior advisor at OMB, FSSI is saving the government real money. GSA estimates that agencies saved over \$20 million in FY 2011 by purchasing over \$200 million through the FSSI OS2 BPAs. Last December, GAO issued a report (GAO-12-178) entitled "Office Supplies Pricing Study Had Limitations, but New Initiative Shows Potential for Savings." GAO interviewed four large agencies that spend the most on office supplies (Army, Navy, Air Force, and DHS) and confirmed that the FSSI OS2 BPAs provide them with lower prices than they were able to obtain through their own agency BPAs. GSA also determined that the net effect of FSSI OS2 was to reduce total prices paid to non-OS2 vendors by 7.7%, which translates into over \$30 million in additional savings. In other words, agencies that used the FSSI OS2 BPAs saved over \$20 million (on \$200 million in spend) and agencies that didn't use the FSSI BPAs saved another \$30+ million (on \$435 million in spend) because FSSI caused the other vendors to lower their prices.*

*GSA is also reporting savings from two other FSSI solutions. The FSSI domestic delivery 2 (DDS2) BPA with UPS lowered the average cost per package shipped by 22% over the previous BPA with FedEx. Based on the number of packages shipped in FY 2011, this*

*saved the government \$31 million. The FSSI wireless telecommunications expense management services contracts saved agencies another \$5 million in FY 2011.*

Do you believe it is hurting small businesses in any way?

*I have heard from both small and large businesses about the effects of reducing the number of suppliers for a particular commodity to leverage the government's purchasing power and reduce the cost to the taxpayer. However, I am committed to ensuring that government wide and agency wide strategic sourcing efforts prioritize the participation of small businesses by writing requirements and structuring agreements to maximize participation by competitive and responsive small businesses.*

a. How can small businesses better participate?

*There are many ways for small businesses to improve their participation in both FSSI and agency strategic sourcing initiatives. One critical way is to actively engage in pre-solicitation engagement efforts – like industry days or draft solicitations – to help the government shape its requirements. For example, when GSA was developing the requirements for the FSSI office supplies solicitation, prospective small business bidders were asked to discuss any changes in those requirements that could help them be more competitive with the large businesses. As a result of their input, GSA extended the delivery times from overnight to 4 days and increased the minimum order quantity from \$25 to \$100. Both of these changes helped several of the small business bidders to come in with lower prices than the large businesses.*

b. Is there any way FSSI should be restructured to better accommodate small businesses, while still ensuring the government can buy the best products at the best price?

*FSSI can provide great opportunities for small businesses. The opportunities for small businesses to participate in FSSI agreements vary by commodity. For example, there are no small businesses that offer domestic delivery services that can meet Federal agencies' nationwide needs. However, there are hundreds of small businesses that sell office supplies, and, because of this fact, I understand that GSA structured the solicitation process to limit the number of large businesses that could win FSSI awards which enabled GSA to maximize the number of small business award winners, while still effectively leveraging the government's buying power. Of the fifteen FSSI OS2 BPA holders, thirteen are small businesses. Although the principal vendors for printing and copying devices are large manufacturers, GSA was able to structure the FSSI Print Management BPAs to attract small business participation. I also understand that there will be opportunities for small businesses to participate in the upcoming FSSI solution for wireless devices and services, even though the actual nationwide rate plans themselves are only offered by large carriers.*

5. You say you would maximize contracting with small and disadvantaged businesses – yet you also say the government should leverage its buying power, reduce duplicative contracts, and build on strategic sourcing initiatives. Are these goals in conflict? That is, expanding contracts with small businesses, while reducing and streamlining the number of contracts overall? Can you describe, specifically, how you plan to achieve both goals?

*I believe it is critical to both maximize contracting opportunities for small and disadvantaged businesses and also ensure that the federal government leverages its buying power and builds on strategic sourcing initiatives. Although it is a challenge, I do not believe these goals are in conflict and I am committed to ensuring that both objectives are met. Contracting with small and disadvantaged businesses is a win-win: small businesses get the much-needed revenue and experience they need to bring their business to the next level and the government gets to work with some of the most innovative, nimble small businesses, often with a direct line to the CEO and in many cases, at more cost-efficient levels.*

*My focus will be on ensuring we have the appropriate policies, systems and processes in place to ensure both goals are achieved. I will continue to work closely with SBA and the acquisition community to ensure that the small business contracting programs are designed not only to make sure small businesses have a level playing field to compete for federal contracts, but are also straight-forward and efficient for contracting officers to use. This will include ensuring appropriate policy decisions are made and systems and processes are built to facilitate more efficient and effective contracting practices.*

6. What did you do to institutionalize suspension and debarment policies in Government Contracting to ensure legitimate small businesses are protected from unscrupulous people who try to take advantage of small business programs?

*During my time at SBA, the top priority was to ensure that the benefits of the small business contracting programs flowed to the intended recipients. There was and still is no tolerance for fraud, waste and abuse in these programs. During my time at SBA, we developed and implemented a comprehensive three-pronged strategy to ensure appropriate oversight was in place across all our government contracting programs. The three prongs of our strategy were as follows:*

- 1. Effective certification processes*
- 2. Continued surveillance and monitoring*
- 3. Robust and timely enforcement.*

*The first prong was designed to ensure there are effective certification processes that provide clear and comprehensive eligibility screening on the front-end to make sure only qualified, eligible firms participate in our programs. For example, if a firm would like to participate in the 8(a) Business Development program, it must be certified by SBA through an application process that determines whether it meets all the requirements of the program. We saw opportunities for fundamental improvements in how this*

*certification was conducted. Therefore, for the first time in over a decade, SBA recently published a comprehensive revision to the 8(a) program regulations. The new regulations now clearly define the economic thresholds that 8(a) applicants must meet to become certified. They also tightened the requirements for joint ventures to make sure that non-disadvantaged firms do not unduly benefit from the program.*

*The second prong of our strategy was conducting continued surveillance and monitoring of firms once they are participants in our programs. Only those firms entitled to benefit from SBA's programs should remain in them. We therefore conducted ongoing reviews and monitoring of firms in our programs, including those that have been certified by SBA, as well as those that have self-certified (in those programs which permit self-certification). Review and monitoring confirms that only eligible firms have been certified, and identifies firms whose eligibility may have lapsed since certification. We used several tools in this stage, including site visits, eligibility reviews and eligibility protests.*

*The last prong of the strategy was taking robust and timely enforcement actions against any non-compliant or fraudulent firms. We had a range of enforcement tools to use when we identified a firm that was ineligible (or no longer eligible) to participate in SBA programs. We had no tolerance for a firm found to be acting fraudulently, and where appropriate we acted to oust them from our programs and from doing business with the government generally. We also referred fraudulent activity to SBA's Suspension and Debarment officials, SBA's Inspector General, and/or the Department of Justice as appropriate.*

*During my tenure at SBA, SBA broadened its scope for seeking Government-wide debarment and suspension actions. Previously, SBA considered only those firms having contracts with SBA that acted inappropriately for possible debarment or suspension. I actively pushed for SBA to consider debarment and suspension actions with respect to other agencies' contracts in order to protect the integrity of the various small business procurement-related programs. SBA now vigorously seeks debarment or suspension whenever a firm intentionally violates small business procurement requirements on any Government procurement. In particular, SBA has sought debarment and suspension of firms that have misrepresented their status as qualified small businesses, SDVO small businesses, HUBZone small businesses, small disadvantaged businesses, or women-owned small businesses, and firms that have intentionally disregarded the performance of work/limitations on subcontracting requirements (i.e., 50% rule).*

*This comprehensive strategy had a significant impact. For example, during my tenure at the SBA, the agency suspended a large company based on evidence indicating a lack of business integrity in federal procurements involving small business and intentional non-compliance with the limitations on subcontracting and non-manufacturer rule provisions. My focus was for SBA to be more proactive and effective than ever before in protecting the integrity of SBA programs and the legitimate small businesses that benefit from them. Since 2009, SBA has initiated more government-wide suspension and debarment actions than it had in the previous ten years. Additionally, over the past two*

*years, over 4,000 firms were removed from the HUBZone program, over 1,000 firms were removed from the 8(a) program, and over 50 firms were removed from the SDVOSB program, all for either non-compliance or fraud. In fiscal year 2011, we also suspended, proposed for debarment, or debarred over 30 firms and individuals involved in procurement misconduct.*

*At the SBA, we also assembled a Suspension and Debarment Task Force, chaired by our General Counsel. The Task Force developed a strategic framework for suspension and debarment of firms that use fraudulent or other wrongful practices to gain improper access to programs intended to benefit small business. The Task Force works closely with every SBA program office and with the Agency's Inspector General to identify bad actors, vigorously pursue them, and expel them from further government business. SBA more than tripled its Government contracting suspension and debarment actions during my term. This was accomplished through a combination of better coordination, prioritizing fraud detection, and training. SBA now trains government contracting employees on how to recognize and report fraud. Each employee is empowered to use his or her judgment and expertise and encouraged to report any wrongful conduct they observe. SBA essentially went from having a single group of people who concentrated on fraud detection to having the entire SBA Government contracting staff work together in a collective effort to prevent waste, fraud, and abuse.*

7. SBA's FY 2012 Budget Request, which I assume you had a hand in developing, indicates that "during 2012, SBA will continue to work with the Office of Federal Procurement Policy and federal agencies on improving data quality and minimizing fraud, waste and abuse." If confirmed to lead OFPP, what would be your top initiatives or proposals to minimize fraud, waste and abuse in government contracting, particularly in set aside programs, such as those for small business?

*I strongly believe in the importance of being a good steward of taxpayer dollars and ensuring that only qualified, eligible businesses work as contractors to the federal government. If confirmed to lead OFPP, one of my top priorities will be to minimize fraud, waste and abuse, as it was during my tenure at the SBA. I would utilize the same three-pronged approach that served us well at the SBA and expand it to the entire federal government. This approach will ensure that we are identifying bad actors both on the front end during the certification processes, and also later in the process when companies become participants in our programs. It is critical that we send a strong message that fraud, waste and abuse will not be tolerated in federal contracting and I intend to work diligently to ensure only eligible small businesses benefit from the set-aside programs.*

8. SBA's Inspector General lists as a Top Management Challenge that "Procurement flaws allow large firms to obtain small business awards and agencies to count contracts performed by large firms towards their small business goals." What did you do to stop small business concerns from being used as front companies? If confirmed to lead OFPP,

would you mandate that courses required for certification of contracting personnel include training relative to regulations pertaining to contracting opportunities for small businesses—representative of a targeted 23% of all Federal contracting dollars?

*Last year, OFPP worked with SBA and Federal Acquisition Institute to develop a Small Business Programs course to address the need for training reflected in the Small Business Jobs Act and in the recommendations of the President's Small Business Task Force. The course provides students with a foundational overview of the various types of small business programs as well as practical information on how to effectively utilize small business in Government acquisitions. All members of the acquisition workforce, including new contract specialists, seasoned contracting officers, contracting officer representatives, and program managers are encouraged to take this class. If confirmed, I will work with the acquisition community and the Federal Acquisition Institute to determine if additional training is needed.*

*As mentioned, during my time at the SBA, we developed a comprehensive three-pronged approach to identify and pursue fraud, waste and abuse, which included identifying small businesses being used as fronts. Specifically, we redesigned the certification processes for our small business contracting programs so that potential fronts would be identified and prevented from gaining access to the programs. Once a firm was certified into a program, we conducted ongoing surveillance and monitoring to ensure they continued to meet the eligibility requirements. This involved utilizing a variety of tools, including conducting annual reviews, eligibility reviews and site visits, to ensure that the firm was not fronting as a small business. Finally, on the back end, if a firm was found to be fraudulent or misrepresenting itself, SBA used a variety of tools, including suspension and debarment, to stop companies from abusing the small business programs. SBA also publicized its results, which dissuades companies from doing the same things in the future. We took a practical look at what areas were most likely to be abused, and we closed those loopholes through changes to SBA's regulation. Because of those changes, businesses have told SBA that they are double- and triple-checking their status before certifying for contracts.*

*SBA has also sought to ensure proper counting of small business awards and to limit the ability of large businesses taking over small business awards and continuing to count those awards as awards to small business. For example, before my tenure at SBA, a contract awarded to a small business counted as an award to small business for the life of that contract, regardless of how long the contract was or whether the small business was purchased by, or otherwise transferred performance of the contract to, a large business. In light of the increase in long-term contracts, SBA now requires firms to re-certify their size status prior to the sixth year of any small business contract and prior to the exercise of any option thereafter. In addition, firms must now immediately re-certify their size status upon the acquisition by or of another business. These changes should ensure that the reporting of small business awards is more accurate.*

9. The General Service Administration keeps businesses on its procurement schedules classified as small businesses for years after those companies have outgrown the size standard for a particular NAICS code. Contract officers are not able to override the size criteria from the GSA schedule in the Federal Procurement Data System (FPDS). The Contract Officer Size Determination is crucial for reporting government-wide small business procurement progress to Congress. If you are appointed to this position, what would you do to ensure the size determination on GSA schedules is reasonably contemporaneous?

*If confirmed, I will work with GSA, the FAR Council, and others to review current policies addressing size status on the Federal Supply Schedules to determine if adjustments should be considered with respect to when contractors must certify or recertify their status.*

10. According to SBA's FY 2007 Report to the U.S. Congress on Minority Small Business and Capital Ownership Development, approximately 50 percent of Federal 8(a) obligations made to Alaska Native Corporation-owned (ANC) participants in the program that year went to 11 (or 6 percent) of the ANC firms in the program. Does this disproportionate number or the advantages ANCs enjoy over other 8(a) firms, who by definition also are disadvantaged socially and economically, concern you relative to Federal procurement policy? If confirmed, would you advocate for ANC-owned firms to continue to be exempt from the competitive threshold limits on the amount of individual sole-source awards?

*I have long supported small business, including service-disabled veteran-owned small businesses, women-owned small businesses, small businesses located in historically under-utilized business zones, and all socially and economically disadvantaged small businesses. With regard to the 8(a) program, there are statutory differences between the rules governing the individually-owned program participants and the Native American entity-owned firms. While I defer to Congress on whether changes to these statutory differences are needed, I will continue to work diligently to ensure that the 8(a) program is managed and overseen as effectively and efficiently as possible. If confirmed, I look forward to working with this Committee to determine how best we can strengthen the 8(a) program as well as all small business contracting programs.*

SUBMITTED BY SEN. McCAIN



Wednesday, May 9, 2012

## **GOP Senators Call Wine Train Project 'Tax Dollar Sinkhole'**

\$79 million project is a "gravy train of government waste," McCain and Coburn say  
By: [Lance Williams](#)

No-bid contracts cost taxpayers big money, and that's one reason the \$79 million Napa Valley Wine Train flood-control project has become a "tax dollar sinkhole," two U.S. senators say.

In a statement issued yesterday in response to a California Watch report, Sens. John McCain, R-Ariz., and Tom Coburn, R-Okla., faulted the U.S. Army Corps of Engineers for not seeking competitive bids on the Wine Train job.

The project involves relocating a rail bridge for the Wine Train tourist attraction as part of construction to stop serious winter flooding on the Napa River.

"Taxpayers ultimately lose when contracts aren't competitively bid," the senators said. "The Wine Train project is truly a gravy train of government waste."

As California Watch reported last week, the Corps of Engineers, in an apparent rush to get work underway, steered the \$64 million Wine Train contract to a small Alaska construction company called Suulutaaq in 2008. Competitive bids weren't solicited because the company was eligible for sole-source federal contracts under a program to assist Alaska Natives.

In 2010, Suulutaaq's former chief executive testified in a lawsuit that the government had paid \$10 million too much because it hadn't sought competitive bids.

Meanwhile, costs on the project have risen by more than 20 percent, from \$64 million to more than \$79 million, records show. About \$64 million has come from the federal stimulus program.

McCain and Coburn first criticized the Wine Train project in 2009, when they listed it among the 100 most "silly and shortsighted" federal stimulus projects in the nation. In their statement



yesterday, they derided the project as a "stimulus handout," and said, "Sadly, we're not surprised by allegations that the Army Corps overpaid by \$10 million."

Spokesmen for the Corps of Engineers, Suulutaaq and the city of Napa didn't respond to requests for comment for this story.

But in last week's story, Suulutaaq General Manager Tracy Crain disputed that the government had overpaid on the Wine Train project.

Napa Mayor Jill Techel in a 2009 interview defended it as an ideal stimulus project, saying it was "shovel-ready, green and it creates jobs." The Corps of Engineers told the Government Accountability Office in 2010 that the no-bid contract speeded completion of the flood-control project, saving taxpayers money on overhead and inflation.

Allegations that the government had overpaid by \$10 million surfaced in pretrial testimony in the 2010 lawsuit, which involved a contract dispute between Suulutaaq and a construction management firm. Greg Poynor, former Suulutaaq CEO, testified that after the company had obtained the contract for the Wine Train job, it subcontracted heavy construction work to the giant Kiewit Corp. construction firm.

Before work began, Kiewit officials scrutinized the no-bid contract, Poynor testified. The Kiewit officials concluded that a competitive bid would have been \$10 million less than what the government had agreed to pay Suulutaaq, Poynor testified.

Crain, the Suulutaaq official, contended that Poynor couldn't be trusted, saying he had been fired for fraud. In a lawsuit, Poynor has denied wrongdoing and said his firing was unjustified.

In a phone interview last week, Sen. Coburn also questioned whether there had been "an adult in the room" when the Corps decided to steer millions in stimulus funds to the Wine Train project.

Federal money for flood control in California is limited, Coburn said. He said it might have made more sense to spend flood-control funds in the Sacramento-San Joaquin River Delta. There, some experts worry that the system of 100-year-old levees may be prone to collapse during earthquakes.

"If you set priorities, probably (the Napa project) would not have been one," he said.



*A national trade association representing companies certified as  
Historically Underutilized Business Zone firms by the U.S. Small Business Administration*

April 5, 2012

The Honorable Joseph Lieberman  
706 Hart Senate Office Building  
Washington, DC 20510

Dear Senator Lieberman:

This letter is in support of Joseph Jordan's nomination for the position of Administrator of Federal Procurement Policy.

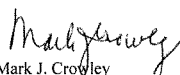
Throughout Mr. Jordan's tenure at the U.S. Small Business Administration, he has demonstrated outstanding support for small businesses. He has worked tirelessly to support and promote firms participating in the various federal contracting programs, including the HUBZone Program.

Whenever the HUBZone Council has asked for his involvement at a conference or his attention to a matter of concern, he has always been accessible and has demonstrated a broad knowledge about the federal procurement process. As a result, he has become a very well respected professional and a dependable resource.

The HUBZone Contractors National Council enthusiastically supports the nomination of Mr. Jordan for the position of Administrator of Federal Procurement Policy.

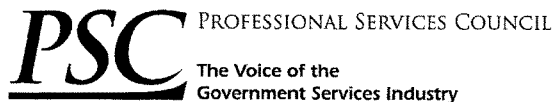
Please contact me if you have questions.

Sincerely,

  
Mark J. Crowley  
Executive Director  
HUBZone Contractors National Council

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HUBZone Contractors National Council  
P.O. Box 4041, Falls Church, VA 22044 USA  
Phone 888-389-5706 or 703-237-2674 Fax 703-229-6425  
info@hubzoncouncil.org www.hubzoncouncil.org



April 9, 2012

Hon. Joe Lieberman, Chairman  
Homeland Security and Governmental Affairs Committee.  
United States Senate  
706 Hart Senate Office Building  
Washington, D.C. 20510

Hon. Susan Collins, Ranking Member  
Homeland Security and Governmental Affairs Committee  
United States Senate  
413 Dirksen Senate Office Building  
Washington, D.C. 20510

Dear Senators Lieberman and Collins:

On behalf of the hundreds of member companies of the Professional Services Council (PSC), I am writing today to strongly urge you and the Homeland Security and Governmental Affairs Committee to swiftly advance the nomination of Joseph Jordan to become the Administrator of the Office of Federal Procurement Policy (OFPP). I believe this sentiment is shared by the tens of thousands of committed professionals inside and outside of government who recognize the important role acquisition plays in the execution of the government's missions and the concomitant importance of ensuring that the administrator's position is filled quickly by an individual with the right blend of talent and experience that Joe Jordan exemplifies.

Joe's experience in the private sector, working with the Maine state government, and as a senior official at the Small Business Administration, has equipped him with invaluable experience and insight into both the workings of government and the many challenges facing the federal acquisition system and workforce. Through his work, Joe has developed a reputation for both his substantive knowledge and his ability to move difficult projects forward. At SBA, Joe led key initiatives to improve small business contracting and enhance the government's understanding of competitive marketplace dynamics. Joe has also demonstrated a real openness to innovative thinking, fresh ideas and meaningful stakeholder engagement. In short, he will bring to OFPP strong credentials and in our view will serve the nation well as the government's chief procurement policy official.

As you well know, the OFPP administrator serves a vital role in ensuring that the government appropriately balances its total workforce in the face of daunting demographic trends and that taxpayer funds expended through acquisitions are used properly. The acquisition challenges that our government

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4401 Wilson Boulevard, Suite 1110, Arlington, Virginia 22203 P: 703-875-8059 F: 703-875-8922 www.pscouncil.org

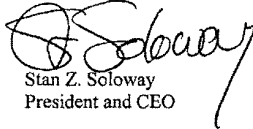
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faces make it essential that this critical office has a strong, knowledgeable leader with the ability and drive to aggressively address the challenges of today and those that lie ahead. In our view, Joe is that leader. Thus, we enthusiastically support his nomination and encourage your committee and the full Senate to act quickly to confirm him.

Thank you for your consideration of these recommendations and for your continued leadership.

With best wishes,

Sincerely,



Stan Z. Soloway  
President and CEO

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